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A. FURTHER INFORMATION ABOUT OUR GROUP

1. Incorporation

We were incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on January 8, 2007. We have established a place of business in Hong Kong at Room 3310–11, Tower One, Times Square, Causeway Bay, Hong Kong and have been registered as an oversea company under Part XI of the Companies Ordinance under the same address. Alfred Chan has been appointed as our agent for the acceptance of service of process and notices in Hong Kong. The address for the service of process on the Company in Hong Kong is Room 102, Sunbeam Centre, 27 Shing Yip Street, Kowloon, Hong Kong. As we are incorporated in the Cayman Islands, our corporate structure, our Memorandum of Association and Articles of Association, are subject to the relevant laws of the Cayman Islands. A summary of the relevant provisions of our Memorandum of Association and Articles of Association and certain relevant aspects of Cayman Islands company law are set out in “Appendix V — Summary of the Constitution of the Company and Cayman Islands Companies Law” to this document.

2. Subsidiaries

Our principal subsidiaries are listed in “Appendix I — Accountants’ Report” to this document.

3. Changes in share capital

On January 8, 2007, the Company was incorporated as an exempted company with limited liability in the Cayman Islands. As at the date of incorporation, the Company’s initial authorised share capital was US\$50,000, divided into 50,000 ordinary shares of par value of US\$1.00 each (Shares), of which 1 subscriber Share was allotted and issued to OIL as the sole subscriber. On March 28, 2007, one Share was transferred from OIL to Alfred Chan. On March 28, 2007, one Share and 9,998 Shares were allotted and issued to Edward Tan and PIEL, respectively. On September 19, 2007, Alfred Chan and Edward Tan transferred their respective shareholdings in the Company to PIEL for a nominal consideration.

On November 13, 2007, the authorised share capital of the Company was increased from US\$50,000 to US\$25,000,000 by the creation of 24,950,000 new Shares pursuant to a resolution in writing of the shareholders passed on November 13, 2007. On November 14, 2007, the Company allotted and issued 1,000 Shares to Bluestone at par value.

On November 14, 2007, we allotted and issued 40,000 Shares to PCD Stores, credited as fully paid and in consideration for PCD Stores transferring the entire equity interest in PCD China Real Estate and PCD Retail Operation to us.

On December 3, 2007, the par value of the Share of US\$1.00 each was subdivided into 200 ordinary shares of US\$0.005 each, resulting in the Company having an issued share capital of 10,200,000 ordinary shares of US\$0.005 each.

Save as disclosed in this Appendix, there has been no alteration in our share capital since our incorporation.

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The following sets out the changes to the share or registered share capital of the relevant subsidiaries of our Company within the two years immediately preceding the date of this document:

(a) *PCD China Real Estate*

On November 14, 2007, one share of US\$1.00 each in PCD China Real Estate, representing the entire issued share capital of PCD China Real Estate, was acquired by the Company from PCD Stores.

(b) *PCD Retail Operations*

On November 14, 2007, one share of US\$1.00 each in PCD Retail Operations, representing the entire issued share capital of PCD Retail Operations, was acquired by the Company from PCD Stores.

(c) *Dragon Talent*

On July 3, 2007, one share of HK\$1.00 each in Dragon Talent, representing the entire issued share capital of Dragon Talent, was acquired by PCD China Real Estate from GNL07 Limited.

(d) *Well Power*

On July 3, 2007, one share of HK\$1.00 each in Well Power, representing the entire issued share capital of Well Power, was acquired by PCD Retail Operations from GNL07 Limited.

(e) *PCD Retail Management*

PCD Retail Management was incorporated on August 24, 1998 with PIEL as the 80% subscriber and Chan Hoi Lung, Dickson and Lo Kit Loon, Frank as the other subscribers. On May 8, 2007, an additional 48,000 shares of US\$1.00 each in PCD Retail Management was issued to PIEL. On the same day, PIEL transferred all its 49,600 shares in PCD Retail Management to PCD Retail Operations.

(f) *PCD Real Estate (Xiamen)*

On December 6, 2005, the entire registered capital of PCD Real Estate (Xiamen), in the sum of US\$3,000,000, was acquired by PCD China Real Estate from Alfred Chan and Edward Tan, each holding 50% of the registered capital at the time. On December 6, 2005, the registered capital of PCD Real Estate (Xiamen) was increased from US\$3,000,000 to US\$14,000,000. On February 1, 2007, the registered capital of PCD Real Estate (Xiamen) was increased from US\$14,000,000 to US\$19,000,000. On August 16, 2007, 100% of the registered capital of PCD Real Estate (Xiamen) was acquired by Dragon Talent from PCD China Real Estate.

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(g) *Zhongshan PCD Stores (Xiamen)*

Zhongshan PCD Stores (Xiamen) was incorporated on October 28, 2005. On May 26, 2006, the entire registered capital of Zhongshan PCD Stores (Xiamen), in the sum of US\$5,000,000, was acquired by PCD Stores from PDL. On October 11, 2007, 100% of the registered capital of Zhongshan PCD Stores (Xiamen) was acquired by Well Power from PCD Stores.

(h) *PCD World Trade (Xiamen)*

On September 29, 2006, 94% of the registered capital of PCD World Trade (Xiamen), in the sum of RMB2,820,000, was acquired by Zhongshan PCD Stores (Xiamen) from Ke Xiude; 5% of the registered capital of PCD World Trade (Xiamen), in the sum of RMB150,000 was acquired by Zhongshan PCD Stores (Xiamen) from Ge Weiyang; 1% of the registered capital of PCD World Trade (Xiamen), in the sum of RMB30,000 was acquired by PCD Real Estate (Xiamen) from Ke Xiude.

(i) *PCD Continental Department Stores*

On December 18, 2006, 69% of the registered capital of PCD Continental Department Stores, in the sum of RMB690,000, was acquired by Zhongshan PCD Stores (Xiamen) from PCD World Trade (Xiamen). 30% of the registered capital of PCD Continental Department Stores, in the sum of RMB300,000, was acquired by Zhongshan PCD Stores (Xiamen) from PCD Stores (Xiamen). 1% of the registered capital of PCD Continental Department Stores, in the sum of RMB10,000, was acquired by PCD Real Estate (Xiamen) from PCD World Trade (Xiamen). On February 19, 2009, it changed its name from Dalu Laiya Continental Department Stores (Xiamen) to its current name, PCD Continental Department Stores.

(j) *PCD Stores (Taiyuan)*

On June 26, 2006, 79% of the registered capital of PCD Stores (Taiyuan), in the sum of RMB3,950,000, was acquired by Zhongshan PCD Stores (Xiamen) from PCD Real Estate (Xiamen). On June 26, 2006, 20% of the registered capital of PCD Stores (Taiyuan), in the sum of RMB1,000,000, was acquired by Zhongshan PCD Stores (Xiamen) from PCD Stores (Xiamen).

(k) *PCD Stores (Jilin)*

On November 28, 2006, PCD Stores (Jilin) was established in the PRC with a registered capital of RMB10,000,000 and held as to 99% by Zhongshan PCD Stores (Xiamen) and as to 1% by PCD Real Estate (Xiamen).

(l) *Zhongshan PCD Stores (Qingdao)*

On December 8, 2006, 1% of the registered share capital of Zhongshan PCD Stores (Qingdao), in the sum of RMB10,000 (being 20% paid-up), was acquired by Liu Qinhua from Qingdao Haixin Shi Ye Holding Co. Ltd. (青島海信實業股份有限公司), an Independent Third Party. On March 15, 2007, 1% of the registered share capital of

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Zhongshan PCD Stores (Qingdao), for a consideration of RMB50,000, was acquired by PCD Real Estate (Xiamen) from Liu Qinhua. On the same day, 99% of the registered share capital of Zhongshan PCD Stores (Qingdao), for a consideration of RMB4,950,000, was acquired by Zhongshan PCD Stores (Xiamen) from PCD Stores (Xiamen).

(m) *Laiya Department Management (Xiamen)*

On August 17, 2007, 95% of the registered capital of Laiya Department Management (Xiamen), in the sum of RMB950,000, was acquired by Zhongshan PCD Stores (Xiamen) from Lin Keqin and Lin Xiuhua. On August 17, 2007, 5% of the registered capital of Laiya Department Management (Xiamen), in the sum of RMB50,000, was acquired by PCD Real Estate (Xiamen) from Lin Xiuhua.

(n) *PCD Stores (Guangxi)*

On September 26, 2006, PCD Stores (Guangxi) was established in the PRC with a registered capital of RMB5,000,000 held as to 90% by Zhongshan PCD Stores (Xiamen) and 10% by PCD Real Estate (Xiamen).

(o) *Beijing Scitech Department Stores*

Pursuant to a share transfer agreement dated July 7, 2007, 99% of the registered capital of Beijing Scitech Department Stores, for a consideration of RMB9,900,000, was acquired by Zhongshan PCD Stores (Xiamen) from PCD Stores (Xiamen). Pursuant to a share transfer agreement dated July 7, 2007, 1% of the registered capital of Beijing Scitech Department Stores, for a consideration of RMB100,000, was acquired by PCD Real Estate (Xiamen) from Xiamen Jiazhong.

(p) *Xian Century Changan Property Investment*

On August 10, 2007 the entire equity interest in Xian Century Changan Property Investment was acquired as to 90% by PCD Real Estate (Xiamen) and as to 10% by Zhongshan PCD Stores (Xiamen).

(q) *PCD Stores Consulting*

On August 27, 2007, PCD Stores Consulting was established in the PRC with a registered capital of RMB2,000,000 held as to 95% by Zhongshan PCD Stores (Xiamen) and 5% by PCD Real Estate (Xiamen).

(r) *Beijing Yuanyongxin Info Consulting*

On March 25, 2009, Beijing Yuanyongxin Info Consulting was established in the PRC with a registered capital of RMB1,000,000 and held as to 90% by Zhongshan PCD Stores (Xiamen) and as to 10% by PCD Real Estate (Xiamen).

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(s) *Qingdao Century Chuntian Info Consulting*

On March 18, 2009, Qingdao Century Chuntian Info Consulting was established in the PRC with a registered capital of RMB1,000,000 and held as to 90% by Zhongshan PCD Stores (Xiamen) and as to 10% by PCD Real Estate (Xiamen).

(t) *Jiahe Chun Tian*

On July 9, 2008, Jiahe Chun Tian was established in the PRC with a registered capital of HK\$5,000,000 and is wholly-owned by Well Power.

(u) *Xiamen Lotus*

On September 4, 2009, Xiamen Lotus was established in the PRC with a registered capital of RMB10,000,000 and is wholly-owned by Well Power.

4. Shareholders' meeting of the Company

Resolutions were passed by our shareholders in a shareholders' meeting held on November 5, 2009 pursuant to which, among other matters, our Company approved and adopted its new Articles, the terms of which are summarised in Appendix V to this document.

5. Background

(1) *PCD Retail Management*

PCD Retail Management was incorporated in the British Virgin Islands on August 24, 1998 with PIEL, Chan Hoi Lung, Dickson and Lo Kit Loon, Frank as holders of 80%, 19.95% and 0.05% of its issued share capital, respectively. Following its incorporation and prior to its management of PCD Zhongshan Lu (see below), PCD Retail Management was a dormant company without any business operations or activities.

(2) *PCD World Trade (Xiamen)*

Pursuant to the control arrangement described below, in December 2003. The Chan Family began operating PCD World Trade in Xiamen. As of January 1, 2004, PCD World Trade is run by PCD World Trade (Xiamen) (formerly known as PCD Holiday (Xiamen)), an entity incorporated in the PRC on August 29, 2001 for the purposes of managing PCD World Trade, with Ke Xiude and Ge Weiyong, an employee of the Group, holding 95% and 5% of its equity interest, respectively.

Ke Xiude, the mother of Alfred Chan and Edward Tan, provided funding to, and entered into a nominee arrangement with, Ge Weiyong in respect of Ge Weiyong's 5% equity interests in PCD World Trade (Xiamen) and Ge Weiyong's 76% equity interests in PCD Stores (Xiamen). Ge Weiyong was appointed as a nominee shareholder to hold the 76% of PCD Stores (Xiamen) on behalf of Ke Xiude as of the incorporation date of PCD Stores (Xiamen) because she was a trusted full-time employee of the Chan Family, who was stationed on site at the department store business. Accordingly, the Chan Family considered that it would be more convenient to have Ge Weiyong appointed as the nominee shareholder

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since she would be readily available to sign documents on site, whenever the need arose. In August 2001, when Ke Xiude established PCD World Trade (Xiamen), it had become evident that the signature of shareholders of the company was actually seldom required in the day to day operations of the business. Accordingly, the savings in convenience were minimal and Ke Xiude decided to hold 95% of the equity interest in PCD World Trade (Xiamen) directly in her name. Ge Weiying was appointed as a nominee to hold the 5% equity interest as of the incorporation date of PCD World Trade (Xiamen) because there is a requirement under PRC laws of that time for domestic PRC companies to have at least two shareholders. On December 25, 2003, Ge Weiying and Ke Xiude orally granted to Alfred Chan and Edward Tan all of each of their respective rights, title and interest in PCD Stores (Xiamen) and PCD World Trade (Xiamen), along with the right to receive all dividends, interest and income therefrom, to control the voting power attributable to such interests, to control the composition of the board of directors and the financial and operating policies of such companies (to the extent that such control is attributable to such interests granted), and to receive the benefit of the entire economic interest attributable thereto. The terms of these oral arrangements, which have been in effect since December 25, 2003, were documented in a control agreement entered into between Alfred Chan, Edward Tan, Ke Xiude and Ge Weiying, on August 7, 2007. Utilising her experience in the textile and rice trading business, Ke Xiude, along with Alfred Chan, Edward Tan, Stephen Doe, Ge Weiying, Liu Qinhua and Lin Keqin, was involved in the management of PCD Word Trade (Xiamen) and PCD Stores (Xiamen) during her ownership of these two companies prior to the oral control arrangements on December 25, 2003. Our PRC legal advisers have advised us that the control arrangement and the nominee arrangements were at all times legal, valid and enforceable and not in breach of any laws or regulations in the PRC. In particular, the oral arrangements were not in breach of the relevant foreign investment restrictions in relation to department stores business. As from December 25, 2003, Alfred Chan and Edward Tan have effectively taken over the ownership and management of these companies pursuant to the oral control arrangements. As at the Latest Practicable Date other than its interest in Xiamen Ruijing Chun Tian, PCD Stores (Xiamen) does not own an equity interest in any companies related to the business of the Group and for this reason did not form part of the Group following the Reorganization (details of which are provided below).

Pursuant to three share transfer agreements all dated February 1, 2006, Ge Weiying and Ke Xiude transferred their respective equity interests in PCD World Trade (Xiamen) to Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen). As a result of these share transfer agreements, Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen) each hold 99% and 1%, respectively, of the equity interest in PCD World Trade (Xiamen). MOFCOM approval was obtained for such transfer on September 1, 2006.

As described above, the rights and interest in the 76% of the equity interest in PCD Stores (Xiamen) owned by Ge Weiying were orally granted to Alfred Chan and Edward Tan on December 25, 2003.

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(3) *PCD Zhongshan Lu*

From January 1, 2004 to December 31, 2004, PCD Zhongshan Lu was managed by PCD Retail Management. The premises on which PCD Zhongshan Lu is operated was purchased by PCD Real Estate (Xiamen) pursuant to an auction agreement dated November 16, 2004 entered into with Xiamen Zhong Zheng Auctioneer Co. Ltd. (廈門中正拍賣行有限公司) for a consideration of RMB257,672,871. From January 1, 2005 to December 31, 2005, PCD Zhongshan Lu was managed by PCD World Trade (Xiamen), following which it has since been managed by Zhongshan PCD Stores (Xiamen), which was established in October 2005 by PDL in order to manage PCD Zhongshan Lu.

(4) *PCD Taiyuan*

In 2005, we began operating our first store outside of Xiamen, PCD Taiyuan, in Taiyuan. In February 2005, we obtained a lease from Shaanxi Yu Hua Yuan Time Square Co. Ltd. to the premises of PCD Taiyuan, and in September of the same year, entered into a store cooperation agreement with Shanxi Yu Hua Yuan Times Square Co. Ltd. (山西御花園時代廣場有限公司) and Shanxi Zhonglian Shiye Stock Co. Ltd. (山西中聯實業股份有限公司). On March 9, 2005, we established PCD Stores (Taiyuan) to manage PCD Taiyuan, and in the same month, PCD Taiyuan commenced operations. PCD Stores (Taiyuan) was owned as to 80% and 20% of its equity interest by PCD Real Estate (Xiamen) and PCD Stores (Xiamen), respectively on its incorporation date. On June 26, 2006, 79% and 20% of the respective equity interests held by PCD Real Estate and PCD Stores (Xiamen) in PCD Stores (Taiyuan) were transferred to Zhongshan PCD Stores (Xiamen) pursuant to a number of share transfer agreements entered into on February 1, 2006. As a result, Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen) each hold 99% and 1% of the equity interest of PCD Stores (Taiyuan) respectively.

(5) *PCD Jiahe and PCD Songbai Department Stores*

In August 2005, PCD Real Estate (Xiamen) acquired 95% equity interest in PCD Songbai Department Stores (formerly Laiya Department Stores), which manages PCD Jiahe, and purchased 5 units in the premises of PCD Jiahe from an Independent Third Party in an auction arising out of court proceedings representing approximately 51% of the premises. The remaining 5% equity interest in PCD Songbai Department Stores is owned by Wuhan Huaxing, an Independent Third Party. PCD Songbai Department Stores commenced operations of PCD Jiahe in January 2006. Subsequently, PCD Real Estate (Xiamen) purchased the remaining 3 units of the store premises from Xiamen Zhong Bo Real Estate Co. Ltd. (廈門市中博地產有限公司) pursuant to a sale and purchase agreement dated April 27, 2007, and 6 units on level 5 of the store premises for office use from Wang Hua, an Independent Third Party, pursuant to sale and purchase agreements dated August 21, 2007. PCD Songbai Department Stores operated PCD Jiahe pursuant to a lease agreement dated July 1, 2009 entered into with PCD Real Estate (Xiamen), which was terminated on August 31, 2009. Pursuant to a lease entered into by PCD Real Estate (Xiamen) and Xiamen Lotus Department Stores on October 20, 2009 effective from September 1, 2009, Xiamen Lotus

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Department Stores became the operator of PCD Jiahe. All concessionaire agreements in relation to PCD Jiahe were assigned by PCD Songbai Department Stores to Xiamen Lotus Department Stores on November 1, 2009.

(6) *PCD Continental and PCD Continental Department Stores*

As of June 15, 2005, we began leasing from Xiamen Jiutian Real Estate Development Co. Ltd. (廈門九天房地產開發有限公司) the two basement floors and levels 1, 2, 3, 5 and 6 of the premises of Laiya Continental. In August 2005, we established Dalu PCD Department Stores (Xiamen) Co., Ltd. (with 30% and 70% of its equity interest held by PCD Stores (Xiamen) and PCD World Trade (Xiamen), respectively) to manage Laiya Continental, and Laiya Continental commenced operations in September 2005. The term of the leases, as amended by a supplemental agreement, is from August 1, 2005 to October 31, 2013. Pursuant to three share transfer agreements all dated February 1, 2006, PCD Stores (Xiamen) and PCD World Trade (Xiamen) transferred their respective equity interest in Dalu PCD Department Stores (Xiamen) to Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen), as a result of which, Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen) hold 99% and 1%, respectively, of equity interest in Dalu PCD Department Stores (Xiamen). On December 18, 2006, Dalu PCD Department Stores (Xiamen) changed its name to Dalu Laiya Department Stores (Xiamen), and on February 19, 2009, to its current name of PCD Continental Department Stores. On March 1, 2009, Laiya Continental changed its name to the current name of PCD Continental as well.

(7) *PCD Real Estate (Xiamen) and PCD China Real Estate*

In December 2005, Alfred Chan and Edward Tan transferred their equity interests in PCD Real Estate (Xiamen) to PCD China Real Estate for an aggregate consideration of US\$3 million, pursuant to a share transfer agreement entered into on October 18, 2005. PCD China Real Estate was incorporated in the British Virgin Islands on September 14, 2005 with PCD Stores Limited as its sole subscriber.

(8) *Laiya Department Management (Xiamen)*

Laiya Department Management (Xiamen) was incorporated on January 4, 2006 with Lin Xiuhua and Lin Keqin the holders of its entire equity interest in equal shares. Ke Xiude, the mother of Alfred Chan and Edward Tan, provided funding for Laiya Department Management as from its incorporation date and entered into a nominee arrangement as of the incorporation date of Laiya Department Management (Xiamen) with Lin Xiuhua, an employee of the Group and otherwise unrelated to the Group and Lin Keqin, an employee of the Group and otherwise unrelated to the Group in respect of each of their 50% equity interest in Laiya Department Management on its incorporation date. Pursuant to these nominee arrangements and at the direction of Ke Xiude, as a gift, on January 4, 2006, Lin Xiuhua and Lin Keqin orally granted to Alfred Chan and Edward Tan all of their respective rights, title and interest in Laiya Department Management (Xiamen), along with the right to receive all dividends, interest and income therefrom, to control the voting power attributable to such interests, to control the composition of the board of directors and the financial and operating policies of such companies (to the extent that such control is attributable to such interests granted), and to receive the benefit of the entire economic interest attributable

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thereto. The terms of this oral arrangement was documented in a control agreement entered into between Alfred Chan, Edward Tan, Lin Xiuhua and Lin Keqin, respectively on August 7, 2007. Our PRC legal advisers have advised us that the control arrangement and the nominee arrangement were at all times legal, valid and enforceable and not in breach of any laws or regulations in the PRC. In particular, the oral arrangements and the nominee arrangement were not in breach of the relevant foreign investment restrictions in relation to department stores business. Between 2006 and 2007, Laiya Department Management (Xiamen) entered into management agreements with third party store owners and started to manage Xiamen Shenming Laiya, New Age Laiya, Jicheng Laiya, Jicheng Laiya (Qingyang Branch) and Chengdu Shengming Laiya stores. The management agreements with New Age Laiya, Xiamen Shenming Laiya, Jicheng Laiya, Jicheng Laiya (Qingyang Branch) and Chengdu Shenming Laiya were all terminated in March 2009.

(9) *PCD Qingdao*

Pursuant to a sale and purchase agreement entered into on September 18, 2006, we acquired from Qingdao Haixin Shi Ye Holding Co. Ltd. (青島海信實業股份有限公司), an Independent Third Party, the premises to our store in Qingdao, PCD Qingdao. In October 2006, Zhongshan PCD Stores (Qingdao) was established to manage PCD Qingdao and we commenced operations of PCD Qingdao in the same month. As at the date of incorporation, PCD Stores (Xiamen) and Qingdao Haixin Shi Ye Holding Co. Ltd. held 99% and 1% of the equity interests in Zhongshan PCD Stores (Qingdao), respectively. Pursuant to an agreement entered into on December 6, 2006, Liu Qinhua subsequently acquired 1% equity interest in Haixin PCD Stores (Qingdao) from Qingdao Haixin Shi Ye Holding Co. Ltd on and effective on December 8, 2006. Liu Qinhua was appointed as the nominee shareholder of 1% equity interest in Haixin PCD Stores (Qingdao) for and on behalf of Ke Xiude because there is a requirement under PRC laws of that time for domestic PRC companies to have least two shareholders. On December 8, 2006 Liu Qinhua, a member of the Group's senior management, otherwise unrelated to the Group, orally granted to Alfred Chan and Edward Tan all of his respective rights, title and interest in Haixin PCD Stores (Qingdao), along with the right to receive all dividends, interests and income therefrom, to control the voting power attributable to such interests, to control the composition of the board of directors and the financial and operating policies of such companies (the extent that such control is attributable to such interests granted), and to receive the benefit of the entire economic interest attributable thereto. Our PRC legal advisers have advised us that the control arrangement and the nominee arrangements were at all times legal, valid and enforceable and not in breach of any laws or regulations in the PRC. In particular, the oral arrangements and the nominee arrangement were not in breach of the relevant foreign investment restrictions in relation to department stores business. The terms of this control arrangement was documented in a control agreement entered into between Alfred Chan, Edward Tan and Liu Qinhua on August 8, 2007. In February 2007, Haixin PCD Stores (Qingdao) changed its name to the current name of Zhongshan PCD Stores (Qingdao). Pursuant to a share transfer agreement dated March 15, 2007, Liu Qinhua transferred his 1% equity interest in Zhongshan PCD Stores (Qingdao) to PCD Real Estate (Xiamen). Similarly, pursuant to a share transfer agreement dated March 15, 2007, PCD Stores (Xiamen) transferred its 99% equity interest in Zhongshan PCD Stores (Qingdao) to Zhongshan PCD Stores (Xiamen).

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(10) *PCD Nanning*

On March 10, 2006, PCD Stores (Xiamen) entered into a store cooperation agreement with Guangxi Oriental Hangyang Investment Group (廣西東方航洋實業集團有限公司) (formerly known as Guangxi Dongfang Shi Ye Co. Ltd. (廣西東方實業有限公司)) in relation to PCD Nanning. On September 26, 2006, PCD Stores (Guangxi) (with 90% and 10% of its equity interest held by Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen), respectively) was established to manage PCD Nanning. Under the store cooperation agreement, PCD Stores (Xiamen) (or an associate) was required to set up a company, subsequent to which, PCD Stores (Xiamen) shall transfer its rights and responsibilities under the store cooperation agreement to that company. Such rights and responsibilities were transferred to PCD Stores (Guangxi) pursuant to a variation agreement entered into between PCD Stores (Xiamen), PCD Stores (Guangxi) and Guangxi Oriental Hangyang Investment Group on July 20, 2007. Pursuant to the store cooperation agreement, the premises of the PCD Nanning was leased to PCD Stores (Guangxi) with a term effective from March 10, 2006 until March 10, 2021.

(11) *PCD Changchun*


In October 2006, we obtained from Jilin Ji Chun Industrial and Trading Co. Ltd. (吉林省吉春工貿有限責任公司) a lease to the premises of PCD Changchun. In November 2006, PCD Stores (Jilin) was established (with 99% and 1% of its equity interest held by Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen), respectively) and entered into a store cooperation agreement with Jilin Ji Chun Industrial and Trading Co. Ltd. on November 28, 2006 to manage PCD Changchun and PCD Changchun commenced operations in December of the same year.

(12) *Beijing Scitech Department Stores*

On August 17, 2007, Beijing Scitech Department Stores entered into a lease with Scitech Group pursuant to which Scitech Group granted a 12-year lease over the premises intended for a new Scitech department store catering to the luxury and high-end retail market in Beijing, such lease to take effect from July 1, 2007. Scitech Group currently owns the premises. Beijing Scitech Department Stores has converted and upgraded the Scitech Plaza to a new international high-end Scitech department store by the first half of 2008. In connection with that, on August 17, 2007, Beijing Scitech Department Stores entered into a one-year store transition agreement with Scitech Group pursuant to which it was agreed that Beijing Scitech Department Stores would manage the Scitech Plaza from July 1, 2007, retrospectively, until the earlier of the date on which the new Scitech department store opens for business under the  logo or June 30, 2008. Pursuant to the store transition agreement, which took effect as of July 1, 2007, we also have full rights to manage all aspects of Scitech Plaza with full discretion and flexibility to open an international high-end department store on the premises. In addition, we are entitled to all the revenues earned from Scitech Plaza and are required to pay all of the store expenses during the term of the agreement. We upgraded Scitech Plaza from a mid-market shopping center with mostly domestic brands into a luxury department store. Renovations of Scitech Plaza have been

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completed in the first half of 2008 and new international brands such as Burberry and Armani Collezioni have commenced operations in the meantime. Scitech Plaza has been rebranded with the  trademark and PCD's VIP programs are implemented.

(13) *PCD Xian*

On August 10, 2007, we acquired from the Vendors the entire equity interest in Xian Century Changan Property Investment for a total consideration of RMB294.0 million. Pursuant to the sale and purchase agreement, we are obliged to pay the Xian Vendors the consideration for the acquisition of RMB126 million and a further RMB12 million for a bank deposit of the same amount held by Xian Century Changan Property Investment, less certain payables of approximately RMB1 million assumed by Xian Century Changan Property Investment before the completion of the transfer of the equity interest. In addition, we also assumed two 10-year mortgage loans between Xian Century Changan Property Investment and the Bank of East Asia Xian branch with an aggregate principal amount of RMB280 million (the outstanding balance was approximately RMB218 million as at September 30, 2009). Xian Century Changan Property Investment holds title to the lower floors (21,310.12 sq.m.) of the Xian Changan Metropolis Center, which is a prime department store property located at 88 Nanguanzheng Street in Xian and pursuant to a lease agreement effective from July 1, 2007, the properties were leased to Mei Mei.

(14) *Beijing Scitech Premium Outlet Mall*

Beijing Scitech Premium Outlet Mall is an outdoor mall located within the prestigious areas of Beijing and is operated by Beijing Scitech Outlet Commerce. On November 29, 2009, PCD Retail Operations entered into a management agreement with Even Time pursuant to which PCD Retail Operations agreed to provide management consultancy services to Even Time in connection with the Beijing Scitech Premium Outlet Mall from July 1, 2009 to December 31, 2011.

(15) *Convertible Bonds*

Pursuant to the Investment Agreement dated October 20, 2005, and the Private Equity Convertible Bond Instrument dated October 26, 2005, the 3i Investors subscribed for bonds due October 20, 2014 in an aggregate amount of US\$51,000,000. Further to the Investment Agreement, the parties to the Investment Agreement and the CVCI Investors entered into an accession agreement dated December 30, 2005, pursuant to which the 3i Investors syndicated an aggregate principal amount of US\$20,000,000 in respect of the Private Equity Convertible Bonds and a further stage subscription as provided for in the Investment Agreement. On September 26, 2006, completion of the further stage subscription under the Investment Agreement took place, and as a result of which, the 3i Investors and the CVCI Investors held the Private Equity Convertible Bonds in aggregate principal amounts of US\$31,000,000 and US\$20,000,000, respectively.

On November 14, 2007, as part of the Reorganization, 4,865 Shares and 3,135 Shares were transferred by PCD Stores to the 3i Investors and the CVCI Investors pursuant to which the Private Equity Convertible Bonds were terminated. However, pursuant to a settlement deed entered into on May 1, 2009, the CVCI Investors transferred all the Shares

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that it owned in the Company to Bluestone, amounting to 6.15% of the issued share capital of the Company at that time. As a result, the CVC Investors no longer hold any Shares or other outstanding rights in the Company at the Latest Practicable Date.

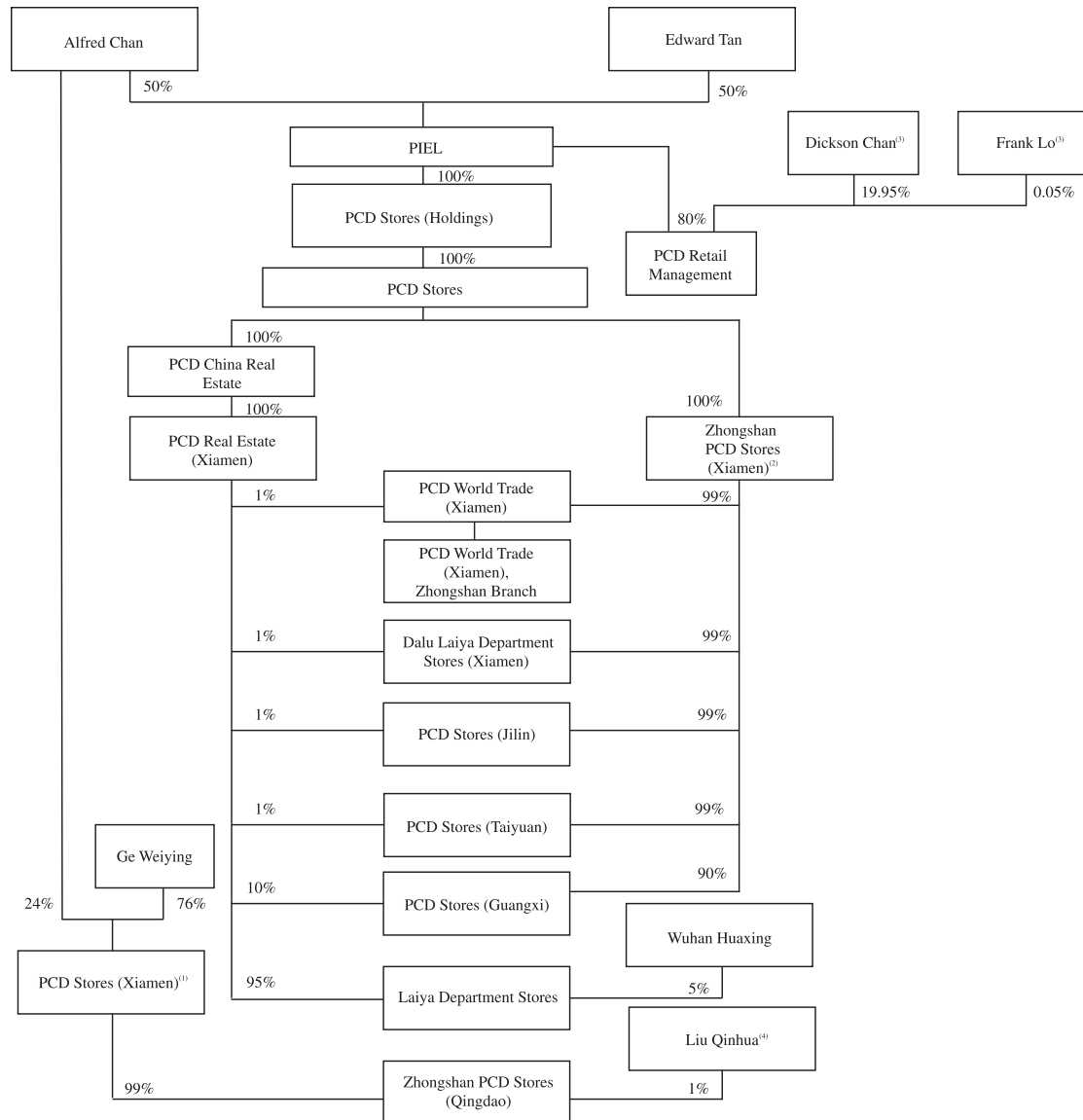
Pursuant to the Pre-IPO Convertible Bond Instruments issued from March to May 2007, CRC (a company wholly owned in equal shares by Alfred Chan and Edward Tan) issued the Pre-IPO Convertible Bonds to the Pre-IPO CB Bondholders.

Further details of the Private Equity Convertible Bonds and the Pre-IPO Convertible Bonds is provided in the section headed “Corporate Investors”.

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6. The Reorganization

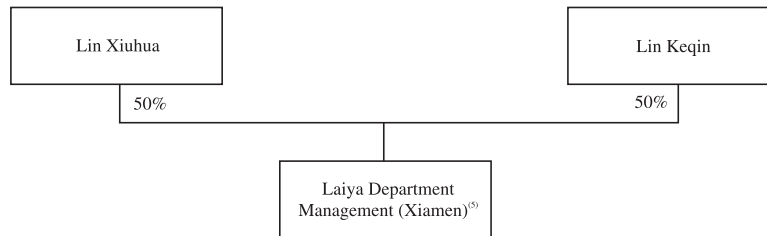
The structure of the Group immediately prior to the Reorganization was as follows:



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- (1) As described above, pursuant to an oral control arrangement among Alfred Chan, Edward Tan, Ke Xiude and Ge Weiyang (a member of the Group's senior management, otherwise unrelated to the Group, its directors, senior management, shareholders and their respective associates) on December 25, 2003, with effect from on December 25, 2003, Ge Weiyang granted to Alfred Chan and Edward Tan all of the dividend, voting, financial and economic rights to her 76% equity interest in PCD Stores (Xiamen).
- (2) The entire equity interest in Zhongshan PCD Stores (Xiamen) held by PDL on behalf of PIEL was transferred to PCD Stores pursuant to a share transfer agreement entered into on February 1, 2006 and a supplemental share transfer agreement entered into on February 2, 2006 for a consideration of US\$5 million.
- (3) Save for their shareholding PCD Retail Management, Dickson Chan and Frank Lo are Independent Third Parties unrelated to our Group, its directors, senior management, shareholders and their respective associates.
- (4) As described above, pursuant to an oral control arrangement entered into between Mr. Alfred Chan, Edward Tan and Liu Qinhua (a member of the Group's senior management, otherwise unrelated to the Group, its directors, senior management, shareholders and their respective associates on December 8, 2006), with effect from December 8, 2006, Liu Qinhua granted to Alfred Chan and Edward Tan all of the dividend, voting, financial and economic rights to his 1% equity interest in Zhongshan PCD Stores (Qingdao).



- (5) As described above, pursuant to an oral control arrangement entered into among Alfred Chan, Edward Tan, Lin Xiuhua (an employee of the Group, otherwise unrelated to the Group, its directors, senior management, shareholders and their respective associates on January 4, 2006) and Lin Keqin (an employee of the Group, otherwise unrelated to the Group, its directors, senior management, shareholders and their respective associates on January 4, 2006) on 4 January 2006, with effect from January 4, 2006, Lin Xiuhua and Lin Keqin granted all of the dividend, voting, financial and economic rights to their respective 50% equity interest in Laiya Department Management (Xiamen) to Alfred Chan and Edward Tan.

We underwent the Reorganization. The Reorganization included the following steps:

- (1) Incorporation of Beijing Scitech Department Stores

Beijing Scitech Department Stores was incorporated in the PRC on April 26, 2007, for the purposes of managing Scitech Plaza. As at the date of incorporation, Beijing Scitech Department Stores was 99% owned by PCD Stores (Xiamen) and 1% owned by Xiamen Jiazhong Software Development Co. Ltd.

- (2) Transfer of the entire equity interests in Beijing Scitech Department Stores, Zhongshan PCD Stores (Qingdao) and Laiya Department Management (Xiamen) to Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen).

By way of share transfer agreements all dated July 20, 2007, the shareholdings of Laiya Department Management (Xiamen) held by Lin Xiuhua and Lin Keqin in equal shares were transferred to Zhongshan PCD Stores (Xiamen) and PCD Real

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Estate (Xiamen) for a consideration of RMB1 million to be held by them in the proportion of 95% and 5% respectively (for respective considerations of RMB950,000 and RMB50,000).

On July 7, 2007, the equity interest in Beijing Scitech Department Stores, which had a paid-up registered capital of RMB10 million held as to 99% by PCD Stores (Xiamen) and as to 1% by Xiamen Jiazhong Software Development Co. Ltd., respectively, was sold to Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen) respectively (for respective considerations of RMB9.9 million and RMB100,000) pursuant to two share transfer agreements entered into on the same date.

On March 15, 2007, the equity interest in Zhongshan PCD Stores (Qingdao), which had a paid up registered capital of RMB1 million held as to 99% by PCD Stores (Xiamen) and as to 1% by Liu Qinhua respectively, was sold to Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen) respectively (for respective considerations of RMB4,950,000 and RMB50,000) pursuant to two share transfer agreements entered into on the same date.

The transfers of equity interest in Beijing Scitech Department Stores and Zhongshan PCD Stores (Qingdao) were approved on June 16, 2009 and May 8, 2009 respectively by MOFCOM. The transfer of the equity interest in Laiya Department Management (Xiamen) was registered on August 17, 2007.

- (3) Incorporation of Dragon Talent and transfer of the entire equity interests in PCD Real Estate (Xiamen) to Dragon Talent

On May 11, 2007, Dragon Talent was incorporated in Hong Kong with GNL07 Limited as its sole subscriber. On July 3, 2007, its entire issued share capital was transferred by GNL07 Limited for a nominal consideration to PCD China Real Estate pursuant to an instrument of transfer of the same date. On August 16, 2007, the entire equity interests in PCD Real Estate (Xiamen) were transferred by PCD China Real Estate to Dragon Talent for a consideration of US\$19 million pursuant to a share transfer agreement dated July 7, 2007. Such transfer was approved by the Xiamen Foreign Investment Bureau on July 26, 2007.

- (4) Incorporation of Well Power and transfer of the entire equity interests in Zhongshan PCD Stores (Xiamen) to Well Power

On June 1, 2007, Well Power was incorporated in Hong Kong with GNL07 Limited as the sole subscriber. On July 3, 2007, the entire issued share capital of Well Power was transferred from GNL07 Limited to PCD Retail Operations pursuant to an instrument of transfer for a nominal consideration. On October 11, 2007, the entire equity interests in Zhongshan PCD Stores (Xiamen) were transferred by PCD Stores to Well Power in return for a consideration of US\$0.01 pursuant to a share transfer agreement dated July 7, 2007 (as amended and supplemented by a supplemented agreement dated November 20, 2007).

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- (5) On August 10, 2007, the entire equity interest in Xian Century Changan Property Investment was acquired as to 90% by PCD Real Estate (Xiamen) and as to 10% by Zhongshan PCD Stores (Xiamen).
- (6) On August 27, 2007, PCD Stores Consulting was incorporated in the PRC with Zhongshan PCD Stores (Xiamen) and PCD Real Estate (Xiamen) the holders of 95% and 5% of its equity interest respectively.
- (7) Incorporation of PCD Retail Operations

On May 18, 2007, PCD Retail Operations was incorporated in the British Virgin Islands with PCD Stores as the sole subscriber.

- (8) Transfer of shares in PCD Retail Management

PCD Retail Management was incorporated on August 24, 1998 with PIEL as the 80% subscriber and Chan Hoi Lung, Dickson and Lo Kit Loon, Frank as the other subscribers. On May 8, 2007, a further 48,000 shares in PCD Retail Management were issued to PIEL, as a result of which, its interest in the issued share capital of PCD Retail Management increased to 99.2%. On May 8, 2007, 49,600 shares in PCD Retail Management held by PIEL, representing 99.2% of the share capital of PCD Retail Management, were transferred to PCD Retail Operations for a nominal consideration.

- (9) Establishment of the Company

On January 8, 2007, the Company was incorporated as an exempted company with limited liability in the Cayman Islands. As at the date of incorporation, the Company's initial authorised share capital was US\$50,000, divided into 50,000 ordinary shares of par value of US\$1 each (Shares), of which 1 subscriber Share was allotted and issued to OIL as the sole subscriber.

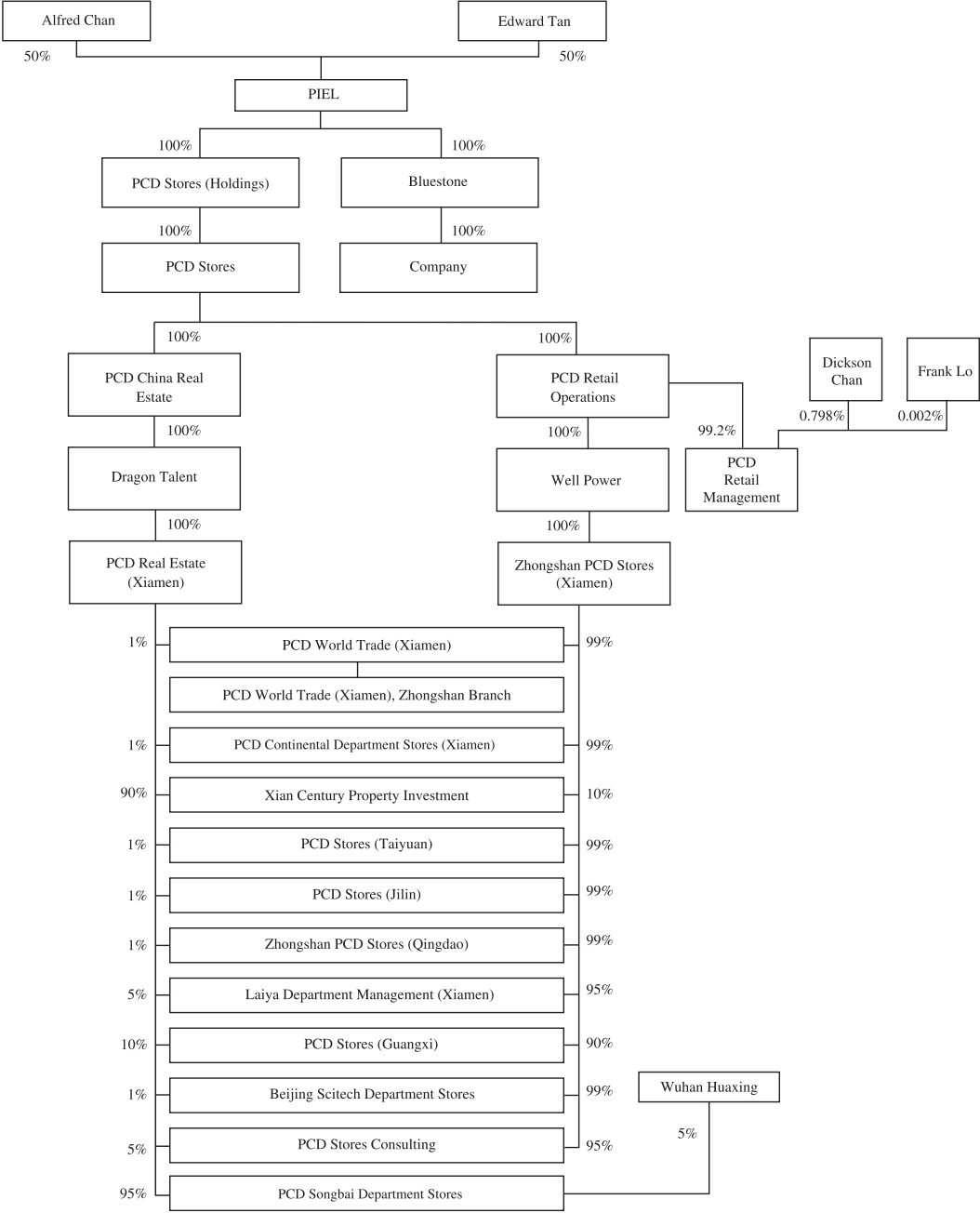
On March 28, 2007, one Share was transferred from OIL to Alfred Chan for a nominal consideration. On March 28, 2007, one Share and 9,998 Shares were allotted and issued to Edward Tan and PIEL at par value, respectively. On September 19, 2007, Alfred Chan and Edward Tan transferred their respective shareholdings in the Company to PIEL for a nominal consideration, resulting in PIEL holding all of the shares of the Company.

- (10) Incorporation of Bluestone

On July 24, 2007 Bluestone was incorporated in the British Virgin Islands and 100 shares in Bluestone were issued to PIEL as its sole subscriber. On September 19, 2007 the entire issued share capital in the Company, comprising 10,000 Shares was transferred by PIEL to Bluestone and as consideration Bluestone allotted and issued 100 shares to PIEL. On November 14, 2007, 1,000 Shares were issued to Bluestone at par.

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The structure immediately after incorporation of Bluestone in connection with the Reorganization and prior to the transfer of PCD China Real Estate and PCD Retail Operations and termination of the Private Equity Convertible Bonds (as described below) was as follows:



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- (11) Transfer of the shareholdings in PCD China Real Estate and PCD Retail Operations to the Company

On November 14, 2007, pursuant to a reorganization agreement (as amended) entered into between the Company and PCD Stores, the entire issued share capital in PCD China Real Estate and PCD Retail Operations was transferred by PCD Stores to the Company. By way of consideration, the Company assumed a debt of RMB222,615,837 owed by PCD Stores to PCD China Real Estate, and by way of further consideration on November 14, 2007 the Company issued 40,000 Shares (the “Consideration Shares”), representing approximately 78% of the enlarged share capital of the Company, to PCD Stores, credited as fully paid. In addition, the Company agreed to pay RMB150 million to PCD Stores as further consideration.

- (12) Distribution of 32,000 of the Consideration Shares to PIEL and injection of such shares by PIEL to Bluestone

In respect of 32,000 of the Consideration Shares issued to PCD Stores, (i) PCD Stores distributed such Shares to its sole shareholder, PCD Stores (Holdings), (ii) PCD Stores (Holdings) in turn distributed such Shares to PIEL and (iii) PIEL injected such Shares into Bluestone by way of a capital contribution (pursuant to which shares in Bluestone were issued to PIEL).

- (13) Share Transfer of 8,000 Consideration Shares held by PCD Stores in the Company to the 3i Investors and the CVCi Investors

On November 14, 2007, PCD Stores transferred 8,000 Consideration Shares to the Investors (as to 4,865 Shares to the 3i Investors, representing approximately 9.54% of the issued share capital of the Company, and 3,135 Shares to the CVCi Investors, representing approximately 6.15% of the issued share capital of the Company) in return for the termination of the Private Equity Convertible Bonds held by the 3i Investors and the CVCi Investors, pursuant to the Merger Arrangements and in contemplation of the restructuring of the Group.

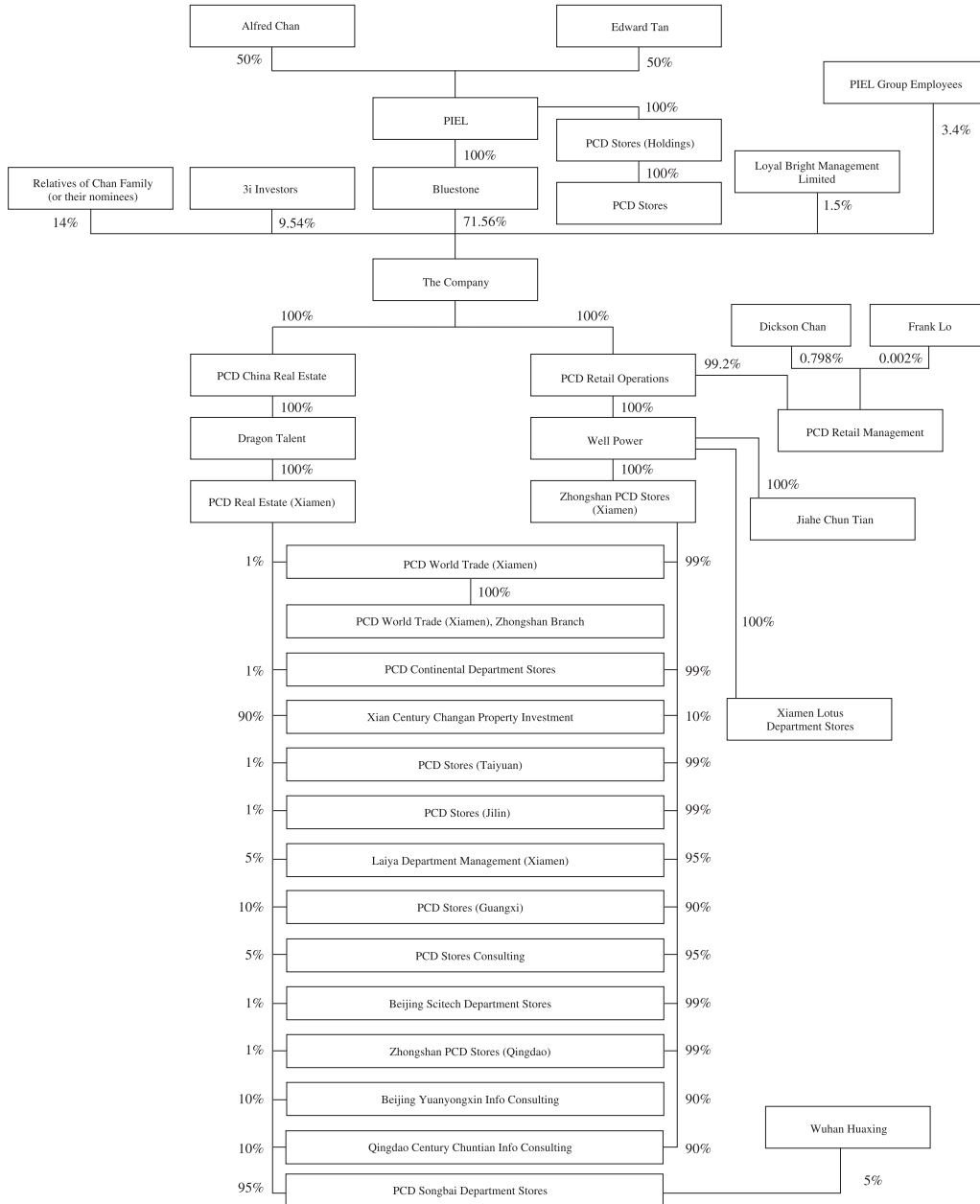
- (14) On November 15, 2007, Bluestone transferred 612 Shares representing approximately 1.2% of the share capital of the Company to Loyal Bright Management Limited (a company wholly-owned by Liu Zhi Hui, a former PIEL Group employee) and 593 Shares representing 1.16% of the issued capital of the Company at that time to four other PIEL Group Employees for nil consideration in acknowledgement of their previous contribution to the PIEL Group and as incentive for continuing contribution to the PIEL Group. In addition, Bluestone transferred 3,044 Shares representing approximately 5.97% of the issued share capital of the Company at that time for nil consideration to Shining Hill Group Limited, Vega Universal Holdings Limited (both being companies wholly owned by Anthony Chan, a relative of the Chan Family) and Rise Jade Holdings Limited (being a company jointly owned by Jenny Tan and Jacqueline Tan, both of whom are relatives of the Chan Family).

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- (15) On July 2, 2008, one share of PCD China Ventures was allotted and issued to PCD Retail Operations. This was transferred by PCD Retail Operations to Double Eight Enterprises Limited pursuant to a share transfer agreement entered into on November 11, 2009.
- (16) On January 23, 2009, the four PIEL Group employees transferred an aggregate of 118,600 Shares, representing 1.16% of the issued share capital of the Company at that time to Bluestone.
- (17) On February 7, 2009, Bluestone transferred 30,600 Shares to Loyal Bright Management Limited, and an aggregate of 819,200 Shares to Shining Hill Group Limited, Vega Universal Holdings Limited, Rise Jade Holdings Limited, Victoria Chan and Alan Tan (both of whom are relatives of the Chan Family), together representing 8.33% of the issued share capital of the Company at that time.
- (18) On May 1, 2009, the CVCI Investors transferred 627,000 Shares to Bluestone, representing 6.15% of the issued share capital of the Company at that time.
- (19) On September 4, 2009, Xiamen Lotus Department Stores was incorporated, and one share of Xiamen Lotus Department Stores was allotted and issued to Well Power.
- (20) On November 5, 2009, Bluestone transferred 346,800 Shares to the PIEL Group Employees, representing 3.4% of the issued share capital of the Company at that time.

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The new structure immediately after the Reorganization was as follows:



The Reorganisation was conducted in accordance with the relevant PRC law and regulation.

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B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Summary of material contracts

We have entered into the following contracts (not being contracts entered into in the ordinary course of business) within the two years immediately preceding the date of this document that are or may be material:

- (a) an option agreement dated November 29, 2009, entered into between our Company, Bluestone and PCD Stores (Xiamen), pursuant to which PCD Stores (Xiamen) agreed to grant to our Company an option to acquire the interest of PCD Stores (Xiamen) in Xiamen Ruijing Chun Tian;
- (b) a cooperation agreement dated August 15, 2007, together with supplemental agreements, entered into among PCD Retail Operations, Mei Mei, Total Luck Enterprises Limited (Mei Mei’s parent company) and Liu Po (Total Luck Enterprises Limited’s controlling shareholder) regarding the cooperation and management of the shopping complex in Xian Changan Metropolis Center for a term from Jul 1, 2008 to Dec 31, 2011. Mei Mei has paid PCD Retail Operations a fixed fee of HKD8.75 million per quarter since January 1, 2009, and will pay PCD Retail Operations HK\$10.0 million per quarter in 2010 and 2011;
- (c) a lease agreement entered into on June 25, 2007, as amended, pursuant to which Xian Century Changan Property Investment leased to Mei Mei the premises in Xian Changan Metropolis Center for the quarterly rent of RMB2 million, and starting from July 1, 2008 and ending on December 31, 2011, RMB3.25 million;
- (d) a reorganization agreement dated November 14, 2007, amended and restated on December 7, 2007 and the supplemented agreement dated January 5, 2008, entered into between PCD Stores and the Company, details of which are set out under the heading “Reorganization” in the “Statutory and General Information” section;
- (e) a deed of non-competition undertaking dated November 29, 2009 given by Alfred Chan, Edward Tan and PIEL in favour of the Company;
- (f) a deed of indemnity dated November 29, 2009 given by Bluestone and PIEL in favour of our Company containing indemnities in respect of estate duty, taxation and losses arising out of legal compliance, properties and intellectual properties, in particular, in respect of our Group’s liabilities on prepaid gift cards and intra-group lending;
- (g) a general outlet services agreement dated November 29, 2009, entered into between LDP Management Limited and PCD Retail Operations, pursuant to which PCD Retail Operations agreed to provide to LDP Management Limited services as described under the general outlet services agreement, details of which are set out in the section headed “Relationship with Our Ultimate Controlling Shareholder and Connected Transactions — Continuing Connected Transactions”;

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- (h) an option agreement dated November 29, 2009, entered into between our Company, Bluestone, Jenny Tan and LDP Management Limited, pursuant to which LDP Management Limited agreed to grant to our Company an option to acquire the interest of LDP Management Limited in Even Time;
- (i) an option agreement dated November 29, 2009, entered into between our Company, Bluestone and Double Eight Enterprises Limited, pursuant to which Double Eight Enterprises Limited agreed to grant to our Company an option to acquire the interest of Double Eight Enterprises Limited in PCD China Ventures;
- (j) an option agreement dated November 29, 2009, entered into between our Company, Bluestone and Guangchang, pursuant to which Guangchang agreed to grant to our Company an option to acquire the interest of Guangchang in respect of the businesses and operations of Guiyang Guomao, Guiyang Nanguo Huajin and Guomao Liupanshui;
- (k) an option agreement dated November 29, 2009, entered into between our Company, Bluestone and LDP Management Limited, pursuant to which LDP Management Limited agreed to grant to our Company an option to acquire the interest of LDP Management Limited in Guangchang or its 100% holding company;
- (l) an undertaking dated November 29, 2009, given by our Controlling Shareholders in favour of our Company, pursuant to which our Controlling Shareholders agreed to grant to our Company an option to acquire their interest in the operator of the Shenyang Outlet Mall or its holding company;
- (m) a pre-emptive right agreement dated November 29, 2009, entered into between our Company and our Controlling Shareholders, pursuant to which our Controlling Shareholders agreed to grant to us a right of first refusal to lease to us retail properties owned by them or which are intended to be acquired by them which are available and suitable for the operation of department stores;
- (n) an agreement dated January 13, 2008, entered into between Xian Century Changan Property Investment and Xian Municipal National Land Resources Bureau, pursuant to which Xian Century Changan Property Investment acquired the land use rights in respect of a parcel of land for a consideration of RMB49.8 million, further details of which are set out under the heading “Our Business — Our Managed Store Operations — Xian Phase II”;
- (o) a cooperation dated September 18, 2009, entered into, amongst others, by Shaanxi Changan Construction Investment and Development Co., Ltd., Xian Century Changan Property Investment and PCD Stores (Xiamen), pursuant to which Shaanxi Changan Construction Investment and Development Co., Ltd., Xian Century Changan Property Investment and PCD Stores (Xiamen) agreed to cooperate in the development of Xian Phase II, further details of which are set out under the heading “Our Business — Our Managed Store Operations — Xian Phase II”;

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- (p) a settlement deed entered into by and among the CVCI Investors, PCD Stores, PIEL, PCD Stores (Holdings), Bluestone, Alfred Chan and the Company on May 1, 2009, pursuant to which the CVCI Investors transferred all the Shares it owned to Bluestone for an agreed consideration, the details of which are set out in the section headed “Corporate Investors”; and
- (q) a deed of release entered into between Deutsche Bank and the Company on July 27, 2009, pursuant to which Deutsche Bank and the Company both agreed to release each other from all claims arising out of the Second CS Convertible Bond and the Deutsche Bank Charge.

2. Intellectual property rights

- (a) *Registered Trademarks owned by PCD Stores*

PCD Stores owns the following trademarks:

	<u>Trademark</u>	<u>Place of registration</u>	<u>Class</u>	<u>Registration Number</u>	<u>Commencement date</u>	<u>Expiry date</u>
1.		China	35	1575920	May 21, 2001	May 20, 2011
2.		China	35	1739507	March 28, 2002	March 27, 2012








Pursuant to separate authorization letters issued by PCD Stores, the Company and certain of its subsidiaries have been granted the rights to use the above trademarks in the PRC until May 20, 2011 in relation to the trademark no. 1575920 and until March 27, 2012 in relation to the trademark no. 1739507, and other subsidiaries have been granted the rights to use the above trademarks in the PRC for a period of ten years.

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(b) *Applications for registration of Trademarks by PCD Stores*

As of the Latest Practicable Date, PCD Stores had applied for registration of the following trademarks:

<u>Trademark</u>	<u>Name of Applicant</u>	<u>Country of Application</u>	<u>Class</u>	<u>Application Number</u>	<u>Application Date (DD/MM/YR)</u>
巴黎春天百货	PCD Stores	China	1	5880235	31/01/07
巴黎春天百货	PCD Stores	China	2	5880236	31/01/07
巴黎春天百货	PCD Stores	China	3	5880237	31/01/07
 巴黎春天百货	PCD Stores	China	4	5880238	31/01/07
巴黎春天百货	PCD Stores	China	5	5880239	31/01/07
巴黎春天百货	PCD Stores	China	6	5880240	31/01/07
巴黎春天百货	PCD Stores	China	7	5880241	31/01/07
巴黎春天百货	PCD Stores	China	8	5880242	31/01/07
巴黎春天百货	PCD Stores	China	9	5880243	31/01/07
 巴黎春天百货	PCD Stores	China	10	5880244	31/01/07
巴黎春天百货	PCD Stores	China	11	5880225	31/01/07
巴黎春天百货	PCD Stores	China	12	5880226	31/01/07
 巴黎春天百货	PCD Stores	China	13	5880227	31/01/07
巴黎春天百货	PCD Stores	China	14	5880228	31/01/07
	PCD Stores	China	15	5880229	31/01/07
巴黎春天百货	PCD Stores	China	16	5880230	31/01/07
 巴黎春天百货	PCD Stores	China	17	5880231	31/01/07
	PCD Stores	China	18	5880232	31/01/07
巴黎春天百货	PCD Stores	China	19	5880233	31/01/07
巴黎春天百货	PCD Stores	China	20	5880234	31/01/07
 巴黎春天百货	PCD Stores	China	21	5880215	31/01/07
 巴黎春天百货	PCD Stores	China	22	5880216	31/01/07
 巴黎春天百货	PCD Stores	China	23	5880217	31/01/07

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<u>Trademark</u>	<u>Name of Applicant</u>	<u>Country of Application</u>	<u>Class</u>	<u>Application Number</u>	<u>Application Date (DD/MM/YR)</u>
巴黎春天百货	PCD Stores	China	24	5880218	31/01/07
巴黎春天百货	PCD Stores	China	25	5880219	31/01/07
巴黎春天百货	PCD Stores	China	26	5880220	31/01/07
 巴黎春天百货	PCD Stores	China	27	5880221	31/01/07
巴黎春天百货	PCD Stores	China	28	5880222	31/01/07
 巴黎春天百货	PCD Stores	China	29	5880223	31/01/07
巴黎春天百货	PCD Stores	China	30	5880224	31/01/07
巴黎春天百货	PCD Stores	China	31	5880205	31/01/07
 巴黎春天百货	PCD Stores	China	32	5880206	31/01/07
巴黎春天百货	PCD Stores	China	33	5880207	31/01/07
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巴黎春天百货	PCD Stores	China	35	5880209	31/01/07
 巴黎春天百货	PCD Stores	China	36	5880210	31/01/07
 巴黎春天百货	PCD Stores	China	37	5880211	31/01/07
 巴黎春天百货	PCD Stores	China	38	5880212	31/01/07
 巴黎春天百货	PCD Stores	China	39	5880213	31/01/07
 巴黎春天百货	PCD Stores	China	40	5880214	31/01/07
 巴黎春天百货	PCD Stores	China	41	5880195	31/01/07
巴黎春天百货	PCD Stores	China	42	5880196	31/01/07
 巴黎春天百货	PCD Stores	China	43	5880197	31/01/07
 巴黎春天百货	PCD Stores	China	44	5880198	31/01/07
 巴黎春天百货	PCD Stores	China	45	5880199	31/01/07

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C. SUBSTANTIAL SHAREHOLDERS

The following persons are directly or indirectly interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company:

<u>Name of shareholder</u>	<u>Nature of interest</u>	<u>Number and class of securities⁽¹⁾</u>	<u>Approximate percentage of interest in us</u>
Bluestone	legal and beneficial holder	[●]	[●]%
PIEL	Interest of a controlled corporation ⁽¹⁾	[●]	[●]%
Alfred Chan	Interest of a controlled corporation ⁽²⁾	[●]	[●]%
Edward Tan	Interest of a controlled corporation ⁽²⁾	[●]	[●]%

(1) PIEL is interested in 100% of the registered capital of Bluestone and therefore PIEL is deemed or taken to be interested in all the Shares which are beneficially owned by Bluestone for the purposes of the SFO.

(2) Alfred Chan and Edward Tan are each interested in 50% of the registered capital of PIEL and are therefore both deemed or taken to be interested in 100% of the Shares which PIEL is deemed or taken to be interested in for the purposes of the SFO.

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D. FURTHER INFORMATION ABOUT OUR DIRECTORS, MANAGEMENT, STAFF AND EXPERTS

1. Particulars of service contracts

We have entered into letters of appointment with each of our Directors, pursuant to which each Director is appointed for terms of three years with effect from November 24, 2009 (with the exception of Alfred Chan and Edward Tan who were appointed on March 28, 2007), subject to re-election in accordance with our Articles of Association at our general meetings, or by termination by either us or such Director by giving to the other party sixty days' notice in writing.

None of our Directors has entered into a service contract with us which does not expire or which is not terminable by us within one year without the payment of compensation (other than the statutory compensation).

2. Directors' remuneration

Save as disclosed in this document, none of our Directors received any fees, salaries, housing allowances, other allowances, benefits in kind (including our contribution to the pension scheme on behalf of our Directors) or any bonuses from us during each of the three years ended December 31, 2008 and the six months ended June 30, 2009. Tony Lau, appointed as Director of the Company on November 24, 2009, did not receive any emolument from the Company during the Track Record Period.

It is estimated that remuneration and benefits in kind equivalent to approximately RMB320,000 in aggregate will be paid and granted to our Directors by us in respect of the financial year ending December 31, 2009 under arrangements in force at the date of this document.

The Company has adopted a remuneration policy and the Board has appointed a remuneration committee (details of which are provided in the Directors and Senior Management section of this document) to determine and review the policy for remuneration of executive Directors, assess the performance of executive Directors and approve the terms of their service contracts on a periodic basis. The Company will disclose in the corporate governance report to be included in its annual report, details of its remuneration policy, the composition of the remuneration committee and the summary of the work performed by it.

3. Fees or commissions received

Save as disclosed in this document, none of the Directors or any of the persons whose names are listed in the paragraph headed "Consents" in this Appendix had received any commissions, discounts, agency fee, brokerages or other special terms in connection with the issue of sale of any capital of any member of our Group from our Group within the two years preceding the date of this document.

APPENDIX VII

STATUTORY AND GENERAL INFORMATION

4. Related party transactions

During the two years preceding the date of this document, we were engaged in related party transactions as described under the section headed “Relationship with our Ultimate Controlling Shareholder and Connected Transactions” and note 30 of the Accountants’ Report set out in Appendix I to this document.

E. DISCLAIMERS

Save as disclosed in this document:

- (a) none of our Directors nor any of the parties listed in the paragraph headed “Consents” in the paragraph headed “Other Information” of this Appendix is interested in our promotion, or in any assets which have, within the two years immediately preceding the issue of this document, been acquired or disposed of by or leased to us, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (b) none of our Directors nor any of the parties listed in the paragraph headed “Consents” in the paragraph headed “Other Information” of this Appendix is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to our business;
- (c) within the two years preceding the date of this document, we have not issued nor agreed to issue any share or loan capital fully or partly paid either for cash or for a consideration other than cash;
- (d) no share or loan capital of our Company is under option or is agreed conditionally or unconditionally to be put under option;
- (e) we have not issued nor agreed to issue any founder shares, management shares or deferred shares;
- (f) we have no outstanding convertible debt securities.

F. OTHER INFORMATION

1. Tax and other indemnities

Bluestone and PIEL, our Controlling Shareholders (together, the “Indemnifiers”), have entered into a deed of indemnity in favour of the Group (being a material contract referred to in the paragraph headed “Summary of material contracts” of this Appendix) to provide the following indemnities in favour of the Group. Our Directors have been advised that no material liability for estate duty is likely to fall on us or any of our subsidiaries.

Under the deed of indemnity, amongst others, the Indemnifiers will jointly and severally indemnify each of the members of the Group against (a) taxation falling on any member of the Group resulting from or by reference to any income, profits or gains accrued or received (or

APPENDIX VII**STATUTORY AND GENERAL INFORMATION**

deemed to be so earned, accrued or received); (b) any costs, expenses and operating and business losses arising from the relocation of the business or assets from any property owned, leased, rented, occupied in the event any member of the Group is not being permitted to use or occupy or being evicted from such property due to non-compliance with PRC laws and regulations; (c) any costs, expenses and operating and business losses arising from any business disruption attributable to, or failure of compliance with relevant PRC laws and regulations by any member of our Group which has not obtained the necessary approvals for its operations; and (iv) any costs, expenses and operating and business losses arising from third-party infringement of our intellectual property rights. The Indemnifiers further jointly and severally undertake to indemnify each of the members of the Group on demand against any of the foregoing losses, damages, costs or expenses.

The Indemnifiers will, however, not be liable under the deed of indemnity for taxation where, among others, (a) provision has been made for such taxation in the audited accounts of the Group; and (b) the taxation arises or is incurred as a result of a retrospective change in law or regulation or the interpretation thereof or practice by the relevant tax authority to the extent that the taxation arises or is increased by an increase in rates of taxation as a result of a change in law or regulation or interpretation thereof or practice by the relevant tax authority with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands, the BVI or the PRC.

2. Preliminary expenses

Our estimated preliminary expenses are approximately HK\$[●] and are payable by us.

3. Qualifications of experts

The qualifications of the experts (as defined under the Listing Rules and the Companies Ordinance) who have given their opinions or advice in this document are as follows:

<u>Name</u>	<u>Qualifications</u>
Deloitte Touche Tohmatsu	Certified public accountants
DTZ Debenham Tie Leung Limited	Property valuers
China Commercial Law Firm	PRC legal advisers
Appleby	Cayman Islands attorneys-at-Law

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4. Consents

Each of Deloitte Touche Tohmatsu as our independent reporting accountants, DTZ Debenham Tie Leung Limited as our property valuers, Appleby as our Cayman Islands legal advisers and China Commercial Law Firm as our PRC legal advisers, has given and has not withdrawn its respective written consents to the issue of this document with the inclusion of their reports and/or letters and/or valuation certificates and/or the references to their names included herein in the form and context in which they are respectively included.

None of the experts named above has any shareholding interests in any of our members or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any of our members.

5. Compliance Adviser

We will appoint Evolution Watterson Securities Limited as our compliance adviser.