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PARKSON RETAIL GROUP LIMITED

百盛商業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3368)

**ANNOUNCEMENT
PROPOSED ACQUISITION OF DEPARTMENT STORES**

This announcement is made pursuant to Rule 13.09(1) of the Listing Rules.

Parkson Retail Group Limited (the “**Company**”) is currently in negotiations to acquire certain department stores in the PRC (“**Managed Stores**”) which the Company currently manages on behalf of third parties, and for which the Company receives consultancy and management services fees.

The proposed acquisition of the Managed Stores will be funded through the Company’s own existing internal resources.

Shareholders of the Company should take note that the terms and conditions of the proposed acquisition of the Managed Stores are still under negotiation and no legally binding agreement has been signed as at the date of this announcement.

Further announcements will be made in relation to the proposed acquisition of the Managed Stores as and when appropriate.

By order of the Board
PARKSON RETAIL GROUP LIMITED
Cheng Yoong Choong
Managing Director

As at the date of this announcement, Mr CHENG Yoong Choong and Mr CHEW Fook Seng are executive directors of the Company, Tan Sri CHENG Heng Jem is a non-executive director of the Company and Mr STUDER Werner Josef and Mr KO Tak Fai, Desmond are the independent non-executive directors of the Company.

Hong Kong, 31 October 2006

Please also refer to the published version of this announcement in South China Morning Post.