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PARKSON 百盛

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)

UPDATE ON DISCLOSEABLE TRANSACTION ACQUISITION OF THE QINGDAO SHOPPING MALL

References are made to the announcements of the Company dated 20 December 2012 and 31 January 2013 (the “Announcements”) in relation to the execution of Cooperative Agreement to acquire the Qingdao Shopping Mall. Unless otherwise stated terms defined in the Announcements shall have the same meaning in this announcement.

The Board is pleased to announce that on 29 December 2014, the Company has through its indirect wholly owned subsidiary, Qingdao Lion Plaza Retail Management Co., Ltd., entered into a Sales and Purchase Agreement with the Vendor to acquire the Qingdao Shopping Mall at the Acquisition Price of RMB1,422,320,000.

INTRODUCTION

The Board is pleased to announce that on successful application of the Pre Sale Permit by the Vendor, Qingdao Lion Plaza Retail Management Co., Ltd., the Purchaser, an indirect wholly owned subsidiary of the Company has on 29 December 2014 entered into a Sales and Purchase Agreement with the Vendor to formalise an option provided under the Cooperative Agreement whereby the Vendor will continue to build and deliver a completed Qingdao Shopping Mall to the Purchaser at the Acquisition Price of RMB1,422,320,000 based on the building specifications provided by the Purchaser.

SALES AND PURCHASE AGREEMENT

Date

29 December 2014

Parties

Vendor: Shanghai Industrial Qingdao Development Co., Ltd.

Purchaser: Qingdao Lion Plaza Retail Management Co., Ltd.

For more efficient management of the Qingdao Shopping Mall, the Company has incorporated an indirect wholly owned subsidiary in Qingdao City, Qingdao Lion Plaza Retail Management Co., Ltd., to take over the role of the Purchaser from Beijing Huadesheng Property Management Co., Ltd. to acquire the Qingdao Shopping Mall from the Vendor.

All rights and obligations of Beijing Huadesheng Property Management Co., Ltd. under the Cooperative Agreement have been succeeded by Qingdao Lion Plaza Retail Management Co., Ltd. upon the signing of Sales and Purchase Agreement.

ASSETS TO BE ACQUIRED

The Qingdao Shopping Mall, located at Laoshan District of Qingdao City, is part of a fully integrated commercial development project, known as Beer City Project undertaken by the Vendor. The Beer City Project sits on a vacant land with total site area of approximately 227,674.7 square metres. The site area apportioned to the Qingdao Shopping Mall is approximately 45,714 square metres, with a total planned gross floor area of approximately 216,000 square metres, of which approximately 131,000 square metres is for retail use and the balance of 85,000 square metres is for ancillary and an estimate 2,000 car parks lots. The Qingdao Shopping Mall consists of 5 levels above ground and 3 basement floors. The land use rights of the Qingdao Shopping Mall is for a total period of 40 years expiring on 5 December 2050.

ACQUISITION PRICE

Total consideration of the Acquisition is RMB1,422,320,000 which is payable to the Vendor by the Purchaser in cash. The consideration was reduced from RMB1,570.0 million as provided under the Cooperative Agreement to RMB1,422,320,000 due to changes in building specifications as provided by the Purchaser. The consideration was arrived at based on normal commercial terms after arm's length negotiations between the Purchaser and the Vendor.

PAYMENT MODE

The Acquisition Price shall be paid to the Vendor in the following manner:

- i) RMB400,000,000 deposited into Escrow 1A shall be released to the vendor and treated as part settlement of the Acquisition Price;
- ii) RMB356,523,809.89 deposited into Escrow 2 and utilised to pay for the construction cost shall be treated as part settlement of the Acquisition Price;
- iii) RMB100,000,000 shall be paid on 29 December 2014 upon signing of the Sales and Purchase Agreement;
- iv) RMB40,000,000 shall be paid on or before 10 February 2015;
- v) RMB150,000,000 shall be paid on or before 10 April 2015;
- vi) RMB150,000,000 shall be paid on or before 10 June 2015;
- vii) RMB184,196,190.11 shall be paid on or before 10 October 2015;
- viii) RMB41,600,000 shall be paid on or before 30 November 2015.

The Acquisition will be fully funded by the internal resources of the Group.

COMPLETION

The Qingdao Shopping Mall is currently under construction and it is expected that its construction will be completed on or before 31 July 2015.

It is expected that the Purchaser will obtain vacant possession of the Qingdao Shopping Mall on or before 30 September 2015.

INFORMATION ON THE VENDOR

The Vendor is Shanghai Industrial Qingdao Development Co., Ltd. “上實發展（青島）投資開發有限公司”，a company duly incorporated in the PRC. The Vendor is the registered owner of the land use right pertaining to the Beer City Project. The Vendor is principally engaged in property development in the PRC.

INFORMATION ON THE PURCHASER

The Purchaser, Qingdao Lion Plaza Retail Management Co., Ltd. “青島金獅廣場商業管理有限公司” is an indirect wholly owned subsidiary of the Company. The Purchaser is a limited liability company incorporated in Qingdao City of the PRC on 15 December 2014. The Purchaser is primarily acting as an investment holding company.

By order of the Board
PARKSON RETAIL GROUP LIMITED
Cheng Heng Jem
Executive Director & Chairman

29 December 2014

As at the date of this announcement, the Executive Directors of the Company are Tan Sri Cheng Heng Jem and Mr. Chong Sui Hiong, the Non-executive Directors are Datuk Lee Kok Leong and Dato' Dr. Hou Kok Chung and the Independent Non-executive Directors are Mr. Ko Tak Fai, Desmond, Mr. Yau Ming Kim, Robert and Dato' Fu Ah Kiow.