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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)

DISCLOSEABLE TRANSACTION
DISPOSAL OF THE PROPERTY

THE DISPOSAL

Reference is made to the Announcement.

The Board is pleased to announce that on 11 September 2019, Xi'an Lucky King Parkson Plaza Co., Ltd.* (西安立豐百盛廣場有限公司) (the “**Vendor**”), an indirect wholly-owned subsidiary of the Company, entered into a Sale and Purchase Agreement with Xi'an Xing Zuan Jia Jian Enterprise Management Consulting Co., Ltd* (西安星鑽加簡企業管理諮詢有限公司) (the “**Purchaser**”), pursuant to which the Vendor agreed to sell and the Purchaser agreed to purchase the Property at the consideration of RMB88,777,200.

IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the entering into of the Sale and Purchase Agreement constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under the Chapter 14 of the Listing Rules.

1. INTRODUCTION

Reference is made to the Announcement. The Board is pleased to announce that on 11 September 2019, the Vendor and the Purchaser entered into the Sale and Purchase Agreement in respect of the Property. A summary of the principal terms of the Sale and Purchase Agreement and the relevant information is set out below.

2. SALE AND PURCHASE AGREEMENT

- Date : 11 September 2019
- Parties : Vendor: Xi'an Lucky King Parkson Plaza Co., Ltd.* (西安立豐百盛廣場有限公司), an indirect wholly-owned subsidiary of the Company, as vendor
- Purchaser: Xi'an Xing Zuan Jia Jian Enterprise Management Consulting Co., Ltd* (西安星鑽加簡企業管理諮詢有限公司) as purchaser
- Relevant Premise : The relevant parts on Levels 1-4 at Guomao Building, No. 233 East Street of Beilin District in Xi'an City, Shaanxi Province, the PRC.
- Total gross area : 17,755.44 sq. m
- Consideration : RMB88,777,200, which shall be paid by the Purchaser in the manner as follows:
- (i) RMB4,000,000, being the Deposit, has been paid by the Purchaser on 28 August 2019 pursuant to the Deposit Agreement. The Vendor shall remit the Deposit into the Escrow Account within 15 days of the date of the Custodian Agreement and after receipt of the same from the Purchaser;
 - (ii) the balance of the Consideration (i.e. RMB84,777,200) shall be paid by the Purchaser into the Escrow Account within 15 days of the date of the Custodian Agreement.

In the event of late payment of the Consideration for not more than 30 days, the Purchaser shall pay a penalty in the amount of 0.05% of the consideration for each day the consideration (or any part thereof) is due but not paid.

In the event of late payment of the Consideration for more than 30 days, the Vendor shall have the right to terminate the Sale and Purchase Agreement. The Vendor shall, by notice in writing, notify the Purchaser of such termination. The Purchaser shall, within 10 days from the date of service of such termination notice, pay a penalty in the amount of 10% of the consideration for each day the consideration (or any part thereof) is due but not paid and the Vendor shall refund the amount previously paid by the Purchaser. The Purchaser shall, within 10 days from the date of service of such termination notice, coordinate with the Vendor in relation to the termination of the Custodian Agreement.

In the event that the Vendor refuses to terminate the Sale and Purchase Agreement, the Purchaser shall pay a penalty in the amount of 0.05% of the consideration for each day the consideration (or any part thereof) is due but not paid.

Each of the Vendor and the Purchaser shall bear its own taxes incurred in respect of the transaction contemplated under the Sale and Purchase Agreement pursuant to the applicable laws.

Registration for Transfer : The Vendor and the Purchaser shall apply for registrations for transfer of ownership right within 30 days after the Consideration has been paid into the Escrow Account.

Completion : Completion of the Disposal shall take place on the completion of the registrations for transfer of ownership right over the Property and the handover of the Property from the Vendor to the Purchaser.

3. BASIS FOR DETERMINATION OF THE CONSIDERATION AND OTHER INFORMATION

The Consideration was determined after arm's length negotiations between the Purchaser and the Vendor, with reference to the value of the property as stated in the property valuation report prepared by Jones Lang LaSalle in August 2019.

4. INFORMATION ON THE PARTIES

4.1. The Group and the Vendor

The principal activities of the Group are the operation, management and strategic investment in a network of department stores in the PRC.

The Vendor is an indirect wholly-owned subsidiary of the Company mainly participating in retail business.

4.2. Purchaser

The Purchaser is a company established in the PRC whose scope of business mainly includes corporate management consulting, business information consulting, marketing planning, conference services, property leasing, property management, cultural and arts events organising and planning, as well as advertising design, production, agency services and distribution.

To the best knowledge and belief of the Directors having made all reasonable enquiries, the Purchaser and its ultimate owner(s) are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules). The ultimate beneficial owners of the Purchaser are Mr. Jia Wei and Mr. Wang Wei, each being an Independent Third Party.

5. INFORMATION ON THE PROPERTY

The Property comprises the relevant parts on the four floors (Levels 1-4) at Guomao Building, No. 233 East Street of Beilin District in Xi'an City, Shaanxi Province, the PRC, all of which are for commercial use. The total gross floor area of the Property is 17,755.44 sq. m.

The Property was used for business operations of department stores since 1998 and has been vacant since June 2016.

6. FINANCIAL IMPACT OF THE DISPOSAL

As a result of the Disposal, the Group is expected to record an estimated net accounting gain of approximately RMB55.2 million, being the Consideration minus the carrying value of the Property and the estimated direct expenses and relevant transaction tax expenses to be incurred by the Vendor in connection with the Disposal. The foregoing estimated net accounting gain may be different from the actual gain (or loss) in connection with the Disposal, depending on the actual amount of transaction tax as assessed by the relevant authorities in the PRC. The actual net accounting gain is also subject to the final audit by the Group's auditor.

7. REASONS AND BENEFITS OF THE DISPOSAL

The principal activities of the Group are the operation, management and strategic investment in a network of department stores in the PRC. The Group decides to carry out business restructure and the business operation in the Property has been closed. The Disposal can also enhance the cash flow position of the Group. Furthermore, the Property is not a core asset of the Group and thus the Disposal is not expected to adversely impact the Group's operations.

The Company intends that the net proceeds from the Disposal will be used as general working capital of the Group.

The Board believes that the Disposal will have a positive impact on the future development of the Company. Having taken into account the above reasons and benefits, the Board is of the view that the Disposal is in the interests of the Company and its shareholders as a whole.

8. IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the Disposal is more than 5% but less than 25%, the entering into the Sale and Purchase Agreement constitutes a discloseable transaction for the Company, and is subject to the reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under the Chapter 14 of the Listing Rules.

9. DEFINITIONS

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

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| “Announcement” | means the inside information announcement published by the Company on 28 August 2019 in relation to the entering into the Deposit Agreement and the Disposal. |
| “Board” | means the board of Directors. |
| “Company” | means Parkson Retail Group Limited* (百盛商業集團有限公司), a company incorporated in the Cayman Islands. |
| “Completion” | means the completion of the sale and purchase of the Property. |
| “Consideration” | means RMB88,777,200, being the total consideration payable by the Purchaser to the Vendor. |
| “Custodian Agreement” | means the custodian agreement in respect of the Property entered into between the Vendor and the relevant fund supervisory authority and dated 11 September 2019. |
| “Deposit” | means the sum of RMB4,000,000 paid by the Purchaser to the Vendor on 28 August 2019. |
| “Deposit Agreement” | means the deposit agreement in respect of the Property entered into between the Vendor and the Purchaser and dated 28 August 2019. |
| “Directors” | means the directors of the Company. |
| “Disposal” | means the disposal of the Property by the Vendor to the Purchaser. |

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| “Escrow Account” | means the escrow account set up by the relevant transaction guarantee authority for transaction settlement fund of second-hand housing and for the purpose of receiving the Consideration pursuant to the Custodian Agreement. |
| “Group” | means the Company and its subsidiaries. |
| “Hong Kong” | means the Hong Kong Special Administrative Region of the PRC. |
| “Independent Third Party” | means third party who is/are independent of, and not connected with, the Company and its connected persons (as defined in the Listing Rules). |
| “Listing Rules” | means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. |
| “PRC” | means the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan. |
| “Property” | means the relevant parts on Levels 1-4 at Guomao Building, No. 233 East Street of Beilin District in Xi’an City, Shaanxi Province, the PRC. |
| “Purchaser” | means Xi’an Xing Zuan Jia Jian Enterprise Management Consulting Co., Ltd* (西安星鑽加簡企業管理諮詢有限公司), a company established in the PRC. |
| “RMB” | means Renminbi, the lawful currency of the PRC. |

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| “Sale and Purchase Agreement” | means the sale and purchase agreement in respect of the Property entered into between the Vendor and the Purchaser and dated 11 September 2019, as supplemented by a supplemental agreement dated 11 September 2019. |
| “sq. m” | means square metres. |
| “Vendor” | means Xi’an Lucky King Parkson Plaza Co., Ltd.* (西安立豐百盛廣場有限公司), a company established in PRC and an indirect wholly-owned subsidiary of the Company. |

On behalf of the Board
PARKSON RETAIL GROUP LIMITED
Tan Sri Cheng Heng Jem
Executive Director & Chairman

11 September 2019

As at the date of this announcement, the Executive Directors of the Company are Tan Sri Cheng Heng Jem, Ms. Juliana Cheng San San and Mr. He Dong, the Non-executive Director is Dato’ Sri Dr. Hou Kok Chung and the Independent Non-executive Directors are Dato’ Fu Ah Kiow, Mr. Ko Desmond and Mr. Yau Ming Kim, Robert.

* *For ease of reference, the names of the PRC established companies or entities have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*