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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)

**CONNECTED TRANSACTION:
ACQUISITION OF THE REMAINING EQUITY INTEREST IN
PARKSON CREDIT SDN BHD**

THE NEW SPA

On 29 July 2020, the Purchaser (an indirect wholly-owned subsidiary of the Company) entered into the New SPA with the Vendor, pursuant to which the Purchaser conditionally agreed to acquire the remaining 30% equity interest in the Target Company at a cash consideration of RM26 million (equivalent to approximately HK\$47,447,400).

Prior to entering into the New SPA, the Vendor had sold and the Purchaser had purchased 21,000,000 ordinary shares which represent 70% equity interest in the Target Company at a consideration of RM49 million on 13 September 2018 pursuant to the SPA. As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company, which is held by the Purchaser and the Vendor in the proportion of 70% and 30% respectively. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and cease to be a connected subsidiary and connected person of the Company.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of PHB, which is a controlling shareholder of the Company interested in approximately 54.97% of the total issued shares of the Company through corporations controlled by it. The Vendor is therefore a connected person of the Company. Accordingly, the Acquisition under the New SPA constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

The Board is pleased to announce that on 29 July 2020, the Purchaser, an indirect wholly-owned subsidiary of the Company, entered into the New SPA with the Vendor, pursuant to which the Purchaser conditionally agreed to acquire the remaining 30% equity interest in the Target Company at a cash consideration of RM26 million (equivalent to approximately HK\$47,447,400). A summary of the principal terms of the New SPA and the relevant information are set out below.

1. THE NEW SPA

(a) Date

29 July 2020.

(b) Parties

The Purchaser and the Vendor.

(c) Subject Matter

The Purchaser conditionally agreed to acquire, and the Vendor conditionally agreed to sell the remaining 30% equity interest directly held by the Vendor in the Target Company, subject to the terms and conditions of the New SPA.

Prior to entering into the New SPA, the Vendor had sold and the Purchaser had purchased 21,000,000 ordinary shares which represent 70% equity interest in the Target Company at a consideration of RM49 million on 13 September 2018 pursuant to the SPA. As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company, which is held by the Purchaser and the Vendor in the proportion of 70% and 30% respectively. Upon completion of the Acquisition, the Target Company will become an indirect wholly-owned subsidiary of the Company, and cease to be a connected subsidiary and connected person of the Company.

(d) Purchase Price

The Purchase Price is RM26 million (equivalent to approximately HK\$47,447,400) payable by the Purchaser to the Vendor upon Completion.

The Purchase Price was determined after arm's length negotiations between the Purchaser and the Vendor with reference to (i) the audited earnings of the Target Company for the eighteen months ended 31 December 2019; (ii) the proportion of actual capital contribution made by the Purchaser and the Vendor to the Target Company; and (iii) the valuation of the Sale Shares as at 30 June 2020 according to a valuation report issued by an independent valuer. The Group intends to finance the Purchase Price from its internally generated funds.

(e) Payment Terms

The Purchase Price shall be paid in full and in cash in HK\$ equivalent by the Purchaser to the Vendor upon Completion.

(f) Conditions Precedent

Completion shall be subject to the fulfilment (or waiver by the Purchaser) within six (6) months from the date of the New SPA of the Conditions Precedent, including but not limited to the following:

- (i) the Target Company having obtained all necessary approvals, consents or waivers for the transactions contemplated under the New SPA;

- (ii) the Vendor having obtained all necessary approvals, consents or waivers for the transactions contemplated under the New SPA; and
- (iii) the Purchaser having obtained all necessary approvals, consents or waivers for the transactions contemplated under the New SPA.

(g) Completion

Subject to the fulfilment (or waiver) of the Conditions Precedent, the Completion shall take place on the Completion Date.

(h) Shareholders Agreement

The Shareholders Agreement shall be terminated on the Completion Date.

2. INFORMATION OF THE PARTIES

2.1. The Group and the Purchaser

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

The Purchaser is an indirect wholly-owned subsidiary of the Company whose principal business is acting as an investment holding company for the Group's overseas businesses outside the PRC market.

2.2. The Vendor

The Vendor is a company established in Malaysia whose principal business is investment holding.

2.3. The Target Company

The Target Company is a company established in Malaysia whose principal business is the provision of Islamic and Conventional financing for consumer durables and motorcycles in Malaysia through dealers authorised by it. As at the date of this announcement, the Target Company is an indirect non-wholly owned subsidiary of the Company, which is held by the Purchaser and the Vendor in the proportion of 70% and 30% respectively.

The summary of the financial information of the Target Company for the financial year ended 30 June 2018 and the eighteen-month financial period ended 31 December 2019 respectively prepared in accordance with Malaysian Financial Reporting Standards and International Financial Reporting Standards is set out below:

	For the year ended 30 June 2018 (audited) RM'000	For the eighteen-month period ended 31 December 2019 (audited) RM'000
Profit/(loss) before tax and extraordinary items	10,004	17,499
Profit/(loss) after tax and extraordinary items	7,612	13,127
	As at 30 June 2018 (audited) RM'000	As at 31 December 2019 (audited) RM'000
Total assets	148,165	162,106
Total liabilities	104,507	106,984
Net assets	43,658	55,122

3. REASONS AND BENEFITS FOR ENTERING INTO THE ACQUISITION

The Acquisition will adjust and optimise the shareholding structure of the Group, improve the Company's management and operational efficiency, and reduce the scale of connected transactions of the Company. Upon Completion, the Target Company will become a wholly-owned subsidiary of the Company, and cease to be a connected subsidiary and connected person of the Company.

The Directors (including the independent non-executive Directors) consider that the terms of the New SPA and the transactions contemplated thereunder are fair and reasonable and that the Acquisition is on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

As Tan Sri Cheng and his spouse are together entitled to exercise or control the exercise of more than 30% of the voting power at the general meetings of PHB and PHB is an indirect holding company of the Vendor, Tan Sri Cheng is materially interested in the Acquisition and has abstained from voting on the relevant Board resolution(s) approving the Acquisition. Juliana Cheng San San, an Executive Director, is the daughter of Tan Sri Cheng and is therefore an associate of Tan Sri Cheng and, as such, has also abstained from voting on the relevant Board resolution(s) approving the Acquisition in accordance with the memorandum and articles of association of the Company.

4. IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, the Vendor is an indirect wholly-owned subsidiary of PHB, which is a controlling shareholder of the Company interested in approximately 54.97% of the total issued shares of the Company through corporations controlled by it. The Vendor is therefore a connected person of the Company. Accordingly, the Acquisition under the New SPA constitutes a connected transaction of the Company pursuant to Chapter 14A of the Listing Rules.

As the highest of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Acquisition exceeds 0.1% but is less than 5%, the Acquisition is subject to the reporting and announcement requirements but exempt from the circular and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

5. DEFINITIONS

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

“Acquisition”	means the acquisition of the Sale Shares by the Purchaser.
“associate”	has the meaning ascribed to it under the Listing Rules.
“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 completion of the New SPA.
“Completion Date”	means a day within five (5) days after the day on which the last of the Conditions Precedent is fulfilled or waived in accordance with the New SPA (or such later date as the Vendor and the Purchaser may agree in writing prior to Completion).
“Conditions Precedent”	means the conditions precedent for the Completion.
“connected person(s)”	has the meaning ascribed to it under the Listing Rules.
“connected subsidiary”	has the meaning ascribed to it under the Listing Rules.
“connected transaction”	has the meaning ascribed to it under the Listing Rules.
“controlling shareholder”	has the meaning ascribed to it under the Listing Rules.

“Directors”	means the directors of the Company.
“Group”	means the Company and its subsidiaries.
“HK\$”	means Hong Kong dollars, the lawful currency of Hong Kong.
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC.
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“New SPA”	means the sale and purchase agreement dated 29 July 2020 entered into between the Vendor and the Purchaser in relation to the acquisition of the remaining 30% of the total issued share capital of the Target Company.
“PHB”	means Parkson Holdings Berhad, a company established in Malaysia and a controlling shareholder of the Company interested in approximately 54.97% of the total issued Shares through corporations controlled by it.
“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.
“Purchase Price”	means the purchase price for the Sale Shares, being RM26 million (equivalent to approximately HK\$47,447,400).
“Purchaser”	means Oroleon (Hong Kong) Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company.

“RM”	means Ringgit Malaysia, the lawful currency of Malaysia.
“Sale Shares”	means 9,000,000 ordinary shares of the Target Company in issue that represent 30% of the entire issued share capital of the Target Company.
“Shareholders”	means holders of the Shares.
“Shareholders Agreement”	means the shareholders agreement entered into between the Vendor and the Purchaser and dated 18 October 2018 for the purpose of regulating the rights as shareholders of the Target Company inter se and to govern the management and operation of the Target Company in accordance with the terms and conditions as contained in the SPA.
“Shares”	means ordinary shares of par value of HK\$0.02 each in the capital of the Company.
“SPA”	means the sale and purchase agreement dated 13 September 2018 entered into between the Vendor and the Purchaser in relation to the acquisition of 70% of the total issued share capital of the Target Company. For details, please refer to the announcement of the Company dated 13 September 2018.
“Tan Sri Cheng”	means Tan Sri Cheng Heng Jem, the Chairman of the Company and an Executive Director.
“Target Company”	means Parkson Credit Sdn Bhd, a company established in Malaysia and an indirect non-wholly-owned subsidiary of the Company.

“Vendor”

means Parkson Credit Holdings Sdn Bhd, a company established in Malaysia and an indirect wholly-owned subsidiary of PHB.

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

Hong Kong, 29 July 2020

As at the date of this announcement, the Executive Directors of the Company are Tan Sri Cheng Heng Jem and Ms. Juliana Cheng San San, 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.