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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:  
ENTERING INTO A TENANCY AGREEMENT  
IN RESPECT OF A PROPERTY IN YICHUN CITY, THE PRC**

**THE TENANCY AGREEMENT**

On 11 July 2021, the Tenant (an indirect wholly-owned subsidiary of the Company) and the Landlord entered into a Tenancy Agreement in respect of the tenancy of the Property.

Pursuant to IFRS 16, the entering into the Tenancy Agreement as tenant will require the Group to recognise the Property as the right-of-use assets in which the amount was approximately RMB92.25 million calculated with reference to the present value of the rental payments as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire Term. Thus, the entering into the Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group.

**IMPLICATIONS UNDER THE LISTING RULES**

The transaction contemplated under the Tenancy Agreement is regarded as an acquisition of assets under the Listing Rules. On the basis of the acquisition of right-of-use assets under the Tenancy Agreement, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB92.25 million.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the consideration for the acquisition of the right-of-use assets recognised by the Group pursuant to IFRS 16 is more than 5% but less than 25%, the entering into the Tenancy 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 Chapter 14 of the Listing Rules.

## 1. INTRODUCTION

The Board is pleased to announce that on 11 July 2021, the Tenant and the Landlord entered into the Tenancy Agreement in respect of the Property. A summary of the principal terms of the Tenancy Agreement and the relevant information are set out below.

## 2. TENANCY AGREEMENT

Date	:	11 July 2021
Parties	:	Tenant: Jiangxi Parkson Shopping Centre Management Co., Ltd.* (江西百盛購物中心管理有限公司), an indirect wholly-owned subsidiary of the Company  Landlord: Yichun Hong Lin Hotel Co., Ltd.* (宜春紅林酒店有限公司)
Relevant premise	:	The first to fourth floors above ground level of Hong Lin World City, No. 8 Fubei Road, Yichun City, Jiangxi Province* (江西省宜春市府北路8號紅林世界城地上一層至四層) and some shops situate at the Hong Lin World City
Total gross area	:	Approximately 39,966.04 sq. m.
Term	:	20 years from the Delivery Date

Use : Operation of commercial projects through the use of “百盛” and “PARKSON” as trademark and trade name, and other commercial projects within the Tenant’s scope of business.

Rental : The rental payable (inclusive of tax) under the Tenancy Agreement is RMB11.99 million for the first year, RMB5.99 million per year for the second to fifth year, RMB12.59 million per year for the sixth to seventh year, RMB13.60 million per year for the eighth to tenth year, RMB14.27 million per year for the eleventh to thirteenth year, RMB14.99 million per year for the fourteenth to sixteenth year, RMB15.74 million per year for the seventeenth to nineteenth year and RMB16.52 million for the twentieth year.

The rental shall be paid on a quarterly basis.

Deposit : Pursuant to the Tenancy Agreement, the deposit payable by the Tenant is RMB2 million.

Renewal : If the Tenant wishes to renew the Tenancy Agreement, the Tenant shall serve a written request of one (1) year prior to the expiration of the Term to the Landlord, and the Tenant and the Landlord shall sign a new tenancy agreement upon reaching mutual agreement on the tenancy terms.

In the case of failure to reach mutual agreement on the tenancy terms, the Tenancy Agreement will be terminated upon the expiration of the Term.

The Landlord may then lease the Property to a third party, provided that the Tenant shall have the right of priority to rent the Property under the same terms as agreed between the Landlord and such third party.

Termination : Save as expressly provided, neither party may terminate the Tenancy Agreement prior to the expiration of the Term.

The circumstances under which both parties shall have the right to early termination includes:

- (a) the Property is subject to reclamation of rights of use of land and requisition of properties thereon or forced demolition by the government;
- (b) the occurrence of force majeure events resulting in the Tenant's inability to continue operations;
- (c) early termination is agreed by both parties; and
- (d) the Tenancy Agreement cannot be performed as a result of the implementation and promulgation of national policies, laws and regulations.

Assignment : Upon giving written notice to the Landlord, the Tenant is entitled to assign all its rights, obligations and responsibilities under the Tenancy Agreement to any of its subsidiaries or branches, provided that such subsidiary or branch has fulfilled certain requirements under the Tenancy Agreement.

### **3. BASIS FOR DETERMINATION OF THE RENTALS AND OTHER INFORMATION**

The terms of the Tenancy Agreement (including the rental) were determined after arm's length negotiations between the Landlord and the Tenant, with reference to the prevailing market rentals for properties of similar type, age and location.

The rental and other amounts payable by the Tenant under the Tenancy Agreement are expected to be financed by the internal resources of the Group.

## **4. INFORMATION ON THE PARTIES**

### **4.1. The Group and the Tenant**

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

The Tenant is an indirect wholly-owned subsidiary of the Company mainly participating in property management.

### **4.2. The Landlord**

The Landlord is a company established in the PRC whose scope of business mainly includes hospitality, catering, entertainment services, life-beauty, gymnasium, swimming pool, sauna operation; retail of imported and domestic bottled wine and cigarettes and cigarillos; department stores and pre-packaged food; production and sale of pastries; wedding services, conference services; rental property business, property management; supermarket investment and operation; vehicle rental; general freight; and management of real estate.

To the best knowledge and belief of the Directors having made all reasonable enquiries, the Landlord is wholly-owned by Guangxi Honglin Investment Co., Ltd.\* (廣西紅林投資有限公司).

The Landlord and its ultimate owner are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules).

## **5. REASONS AND BENEFITS FOR ENTERING INTO THE TENANCY AGREEMENT**

The principal activities of the Group are the operation and management of a network of department stores in the PRC. The Company considers that the tenancy of the Property plays an important role in the development of the Group's business in Yichun City and is in line with the Group's development strategy in Jiangxi Province. The Board believes that the tenancy will have a positive impact on the future development of the Company.

The Board believes that the terms of the Tenancy Agreement are fair and reasonable, and also having taken into account the above reasons and benefits, the Board is of the view that the tenancy is in the interests of the Company and its shareholders as a whole.

## **6. IMPLICATIONS UNDER THE LISTING RULES**

### **6.1. Acquisition of assets by the Company**

Pursuant to IFRS 16, the entering into the Tenancy Agreement as a tenant will require the Group to recognise the Property as the right-of-use assets, thus the entering into the Tenancy Agreement and the transaction contemplated thereunder will be regarded as an acquisition of assets by the Group under the Listing Rules.

### **6.2. Discloseable transaction**

The transaction contemplated under the Tenancy Agreement is regarded as an acquisition of assets under the Listing Rules. On the basis of the acquisition of right-of-use assets under the Tenancy Agreement, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB92.25 million.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the consideration for the acquisition of the right-of-use assets recognised by the Group pursuant to IFRS 16 is more than 5% but less than 25%, the entering into the Tenancy 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.

## **7. DEFINITION**

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

“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.

“Delivery Date”	means the date on which the Landlord shall deliver the Property to the Tenant, which is tentatively set to be 1 March 2022 and no later than 180 days after the said tentative Delivery Date.
“Directors”	means the directors of the Company.
“Group”	means the Company and its subsidiaries.
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC.
“IFRS 16”	means the “International Financial Reporting Standard 16 – Leases” issued by the International Accounting Standards Board, sets out the principles for the recognition, measurement, presentation and disclosure of leases.
“Landlord”	means Yichun Hong Lin Hotel Co., Ltd.* (宜春紅林酒店有限公司), a company established in the PRC.
“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 first to fourth floors above ground level of Hong Lin World City, No. 8 Fubei Road, Yichun City, Jiangxi Province * (江西省宜春市府北路8號紅林世界城地上一層至四層) and some shops situate at the Hong Lin World City.
“RMB”	means Renminbi, the lawful currency of the PRC.

“sq. m”	means square metres.
“Tenancy Agreement”	means the tenancy agreement in respect of the Property entered into between the Landlord and the Tenant and dated 11 July 2021.
“Term”	means the term of the Tenancy Agreement, being 20 years from the Delivery Date.
“Tenant”	means Jiangxi Parkson Shopping Centre Management Co., Ltd.* (江西百盛購物中心管理有限公司), a company established in the 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*

12 July 2021

*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. Yau Ming Kim, Robert and Mr. Koong Lin Loong.*

\* *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.*