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PARKSON 百盛
PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司
(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 3368)

MAJOR TRANSACTION
IN RELATION TO THE ENTERING INTO
THE WITHDRAWAL FRAMEWORK AGREEMENT

Capitalised terms used on this cover page shall have the same meanings as those defined in the section headed “Definitions” in this circular.

A letter from the Board is set out on pages 5 to 13 of this circular.

The Withdrawal Framework Agreement and the Withdrawal Arrangements have been approved by way of written shareholders’ approval pursuant to Rule 14.44 of the Listing Rules in lieu of a general meeting of the Company. This circular is being despatched to the Shareholders for information only.

24 September 2021

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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“Announcement”	means the announcement of the Company dated 6 September 2021 regarding the entering into the Withdrawal Framework Agreement and the Withdrawal Arrangements.
“Board”	means the board of Directors.
“Company”	means Parkson Retail Group Limited, a company incorporated in the Cayman Islands.
“Consultancy Agreement”	means the consultancy service agreement entered into between Parkson Investment and Jiaxing Gold Lion Real Estate pursuant to the Withdrawal Framework Agreement in relation to the provision of consultancy services by Parkson Investment.
“Consultancy Service Fee”	means the consultancy service fee of RMB25.00 million to be paid by Jiaxing Gold Lion Real Estate to Parkson Investment pursuant to the Consultancy Agreement.
“Directors”	means the directors of the Company.
“Group”	means the Company and its subsidiaries.
“HK\$”	means Hong Kong Dollar, the lawful currency of Hong Kong.
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC.
“Hongxiang Group”	means Hongxiang Holding Group Co., Ltd* (鴻翔控股集團有限公司), being a company established in the PRC.
“Hongxiang Real Estate”	means Hongxiang Real Estate Co., Ltd.* (鴻翔房地產有限公司), being a company established in the PRC and a wholly-owned subsidiary of Hongxiang Group.

DEFINITIONS

“Jiaxing Lion Retail Management”	means Jiaxing Lion Retail Management Co., Ltd.* (嘉興金獅商業管理有限公司), being a wholly-owned foreign enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company.
“Joint Venture” or “Jiaxing Gold Lion Real Estate”	means Jiaxing Gold Lion Real Estate Development Co., Ltd* (嘉興金獅房地產開發有限公司), the joint venture formed between Shanghai Shengrui and Hongxiang Real Estate in the PRC pursuant to the Joint Venture Cooperation Agreement.
“Joint Venture Cooperation Agreement”	means the joint venture cooperation agreement entered into between Shanghai Shengrui and Hongxiang Real Estate on 15 October 2020.
“Land”	means the land located at the east of Qingfeng Road GreenBelt Area, south of Guangze Road, west of Yundong Road and north of Zuili Road Green Belt Area, Jiaxing City of Zhejiang Province in the PRC (中國浙江省嘉興市東至慶豐路綠化帶、南至廣澤路、西至雲東路及北至構李路綠化帶) with a total site area of 130,294 square meters for commercial and residential purposes.
“Latest Practicable Date”	means 15 September 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular.
“License Fee”	means the license fee of RMB23.89 million to be paid by Jiaxing Gold Lion Real Estate to Parkson Investment pursuant to the Trademark License Agreement.
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Outstanding Shareholder’s Loan”	means the unrepaid amount of the shareholder’s loan provided by the Group to Jiaxing Gold Lion Real Estate pursuant to the Joint Venture Cooperation Agreement in the amount of RMB330.75 million.

DEFINITIONS

“Parkson Investment”	means Parkson Investment Holdings Co., Ltd.* (金獅百盛投資有限公司), being a wholly-owned foreign enterprise established in the PRC and an indirect wholly-owned subsidiary of the Company.
“Parties”	means the parties to the Withdrawal Framework Agreement, namely Parkson Investment, Shanghai Yuehuanshu, Hongxiang Real Estate, Shanghai Shengrui, Jiaying Gold Lion Real Estate and Jiaying Lion Retail Management.
“PRC”	means the People’s Republic of China and, for the purposes of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan.
“RMB”	means Renminbi, the lawful currency of the PRC.
“Sale Shares”	means the entire equity interest in Shanghai Shengrui.
“Shanghai Shengrui”	means Shanghai Shengrui Commercial Management Co., Ltd.* (上海盛蕤商業管理有限公司), being a company established in the PRC and an indirect wholly-owned subsidiary of the Company.
“Shanghai Yuehuanshu”	means Shanghai Yuehuanshu Enterprise Management Co., Ltd.* (上海樾寰曙企業管理有限公司), being a company established in the PRC and a non wholly-owned subsidiary of Hongxiang Group, which is owned as to 55% by Hongxiang Group and 45% by Mr. Song Guangshu.
“SFO”	means the Securities and Futures Ordinance (Cap 571 of the laws of Hong Kong), as amended or supplemented from time to time.
“Shareholders”	means holders of the Shares.
“Shares”	means ordinary shares of nominal value of HK\$0.02 each in the capital of the Company.

DEFINITIONS

“Stock Exchange”	means The Stock Exchange of Hong Kong Limited.
“Trademark License Agreement”	means the trademark license agreement entered into between Parkson Investment and Jiaxing Gold Lion Real Estate pursuant to the Withdrawal Framework Agreement in relation to the grant of a non-exclusive right to use a trademark (i.e. “百盛 Parkson”) by Parkson Investment to Jiaxing Gold Lion Real Estate.
“Withdrawal”	means the Group’s withdrawal from the Joint Venture.
“Withdrawal Arrangements”	means the arrangements contemplated under the Withdrawal Framework Agreement.
“Withdrawal Framework Agreement”	means the withdrawal framework agreement entered into between the Parties on 6 September 2021 to implement the Withdrawal.
“%”	means percent.

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

LETTER FROM THE BOARD

PARKSON 百盛
PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司
(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 3368)

Executive Directors:

Tan Sri Cheng Heng Jem (*Chairman*)
Ms. Juliana Cheng San San

Non-executive Directors

Dato' Sri Dr. Hou Kok Chung

Independent non-executive Directors

Dato' Fu Ah Kiow
Mr. Yau Ming Kim, Robert
Mr. Koong Lin Loong

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Principal place of

business in Hong Kong:
Room 1010, 10th Floor
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39 Gloucester Road
Wanchai
Hong Kong

24 September 2021

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION
IN RELATION TO THE ENTERING INTO
THE WITHDRAWAL FRAMEWORK AGREEMENT**

1. INTRODUCTION

Reference is made to the Announcement dated 6 September 2021 in relation to the Withdrawal Framework Agreement and the Withdrawal Arrangements.

References are also made to the announcements of the Company dated 16 October 2020 and 19 October 2020, and the circular of the Company dated 25 November 2020 in relation to, among other things, the entering into the Joint Venture Cooperation Agreement in respect of the formation of the Joint Venture (i.e. Jiaxing Gold Lion Real Estate) by Shanghai Shengrui (an indirect wholly-owned subsidiary of the Company) and Hongxiang Real Estate (a wholly-owned subsidiary of Hongxiang Group) and the successful bidding for the auction for the land use rights of the Land for commercial and residential purposes.

LETTER FROM THE BOARD

Pursuant to the Joint Venture Cooperation Agreement, Shanghai Shengrui and Hongxiang Real Estate had jointly set up Jiaxing Gold Lion Real Estate, which is held as to 22.5% by Shanghai Shengrui and 77.5% by Hongxiang Real Estate, respectively, after the successful bidding of the land use rights of the Land. The Group had made a capital contribution to Jiaxing Gold Lion Real Estate in an amount of RMB450.00 million by way of shareholder's loan. As at the Latest Practicable Date, the Outstanding Shareholder's Loan amounted to RMB330.75 million.

As suitable plots of land to be used for commercial and retail purposes could not be identified, following arm's length negotiations between the Parties, on 6 September 2021 (after trading hours), the Parties had entered into the Withdrawal Framework Agreement, pursuant to which the Parties agreed to enter into the Withdrawal Arrangements to implement the Group's withdrawal from the Joint Venture for the amounts as set out in the sub-section headed "Subject Matter and the Withdrawal Arrangements" in this circular.

The purpose of this circular is to provide you with, among others, details of the Withdrawal Framework Agreement and the Withdrawal Arrangements thereunder as required under the Listing Rules.

2. THE WITHDRAWAL FRAMEWORK AGREEMENT

A summary of the principal terms of the Withdrawal Framework Agreement and the relevant information are set out below.

Date

6 September 2021

Parties

- (a) Parkson Investment;
- (b) Shanghai Yuehuanshu;
- (c) Hongxiang Real Estate;
- (d) Shanghai Shengrui;
- (e) Jiaxing Gold Lion Real Estate; and
- (f) Jiaxing Lion Retail Management.

LETTER FROM THE BOARD

To the best knowledge and belief of the Directors, and having made all reasonable enquiries, Hongxiang Real Estate, Shanghai Yuehuanshu and their ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules).

Subject Matter and the Withdrawal Arrangements

(1) Transfer of the Sale Shares

Pursuant to the Withdrawal Framework Agreement, the Parties agreed that Parkson Investment shall transfer the Sale Shares to Shanghai Yuehuanshu for a consideration of approximately RMB0.26 million. The consideration for the transfer of the Sale Shares is arrived at after arm's length negotiations between the Parties with reference to the set up cost incurred and the unaudited net liabilities position of Shanghai Shengrui, and shall be paid within 10 business days following the signing of the Withdrawal Framework Agreement.

(2) Repayment of the Outstanding Shareholder's Loan

Pursuant to the Withdrawal Framework Agreement, the Parties agreed that the Outstanding Shareholder's Loan of RMB330.75 million shall be repaid by Jiaying Gold Lion Real Estate to Jiaying Lion Retail Management on or before 31 October 2021.

(3) Settlement of the Consultancy Service Fee

During the period from 1 November 2019 to 19 October 2020, Parkson Investment had been rendering consultancy services to Jiaying Gold Lion Real Estate for the purpose of bidding of the land use rights of the Land. The Parties agreed that Jiaying Gold Lion Real Estate shall pay the Consultancy Service Fee of RMB25.00 million to Parkson Investment for such consultancy services.

In order to formalise the settlement of the Consultancy Service Fee, the Parties agreed that Parkson Investment and Jiaying Gold Lion Real Estate shall contemporaneously enter into the Consultancy Agreement on the date of the Withdrawal Framework Agreement and the Consultancy Service Fee shall be paid within 10 business days following the signing of the Withdrawal Framework Agreement.

The Consultancy Service Fee is arrived at after arm's length negotiations between the Parties with regard to the works and responsibilities of Parkson Investment.

LETTER FROM THE BOARD

(4) Settlement of the License Fee

During the period between the 19 October 2020 and up to the Latest Practicable Date, Parkson Investment has, in line with practice in the property development industry, granted the non-exclusive right to use a trademark (i.e. “百盛 Parkson”) to Jiaxing Gold Lion Real Estate. Given that such trademark had been in use during the preliminary stages of the commercial and residential project and in order to ensure a smooth transition, Parkson Investment has agreed, at the request of Hongxiang Real Estate and as a condition to the Withdrawal, to continue to grant the non-exclusive right to use such trademark to Jiaxing Gold Lion Real Estate in relation to the commercial and residential project until the date of the delivery of the commercial part of the commercial and residential project (tentatively scheduled for 30 June 2024). The Parties agreed that Jiaxing Gold Lion Real Estate shall pay the License Fee of RMB23.89 million to Parkson Investment for the use of such trademark.

In order to formalise the settlement of the License Fee, the Parties agreed that Parkson Investment and Jiaxing Gold Lion Real Estate shall contemporaneously enter into the Trademark License Agreement on the date of the Withdrawal Framework Agreement and the License Fee shall be paid on or before 31 October 2021.

The License Fee is arrived at after arm’s length negotiations between the Parties with reference to a reasonable range of standard license fee rates charged by real estate companies under the prevailing market condition.

The total consideration of the Withdrawal Arrangements amounted to RMB379.90 million. As at the Latest Practicable Date, the total consideration amount of RMB379.90 million remains unsettled.

Condition Precedent

Before obtaining the approval for the Withdrawal Arrangements by the Shareholders of the Company pursuant to the requirements under the Listing Rules, the Parties shall not have the obligation to perform the Withdrawal Framework Agreement.

Completion of the Withdrawal

Following the payment of the consideration for the transfer of the Sale Shares, the Outstanding Shareholder’s Loan, the Consultancy Service Fee and the License fee, Parkson Investment and Shanghai Yuehuanshu shall, within 10 business days, jointly file the application for the registration of the transfer of the Sale Shares and other related applications with relevant government authorities, and the Parties agreed to coordinate with each other and execute any documents that are required for such applications.

LETTER FROM THE BOARD

3. WITHDRAWAL FROM THE JOINT VENTURE

Following the completion of the Withdrawal, the Group shall cease to have any interest in Shanghai Shengrui, and consequently, the Group will no longer have any interest in Jiaxing Gold Lion Real Estate. Notwithstanding anything in the Joint Venture Cooperation Agreement to the contrary, Shanghai Shengrui and Hongxiang Real Estate agreed to carry out the transfer of the Sales Shares in accordance with the Withdrawal Framework Agreement. Shanghai Shengrui and Hongxiang Real Estate further agreed to discharge each other from their respective liabilities under the Joint Venture Cooperation Agreement. Upon the completion of the registration for the transfer of the Sale Shares, the Withdrawal shall be completed and all shareholder's rights and interests and obligations in the Sale Shares shall belong to Shanghai Yuehuanshu.

4. INFORMATION OF SHANGHAI SHENGRUI

Shanghai Shengrui is a company incorporated in the PRC with limited liability and it is an investment holding company.

Set out below are financial information of Shanghai Shengrui extracted from its unaudited financial statements for the period from 30 September 2020 (date of incorporation) to 31 December 2020, and the six months ended 30 June 2021:

	For the period from 30 September 2020 (date of incorporation) to 31 December 2020 (RMB'000)	For the six months ended 30 June 2021 (RMB'000)
Loss before income tax	5.02	117.72
Loss for the period	5.02	117.72
Net liabilities	5.02	122.74

The loss for the six months ended 30 June 2021 was mainly due to the interest expenses on entrustment loan from Parkson Investment. As at 30 June 2021, the major assets of Shanghai Shengrui are mainly the shareholder's loan due from Jiaxing Gold Lion Real Estate and bank balances of RMB360.00 million and RMB40.10 million respectively, and the major liabilities of Shanghai Shengrui are mainly amount due to Jiaxing Lion Retail Management and entrustment loan from Parkson Investment of RMB350.00 million and RMB50.22 million respectively. As such, the net liabilities of Shanghai Shengrui as of 30 June 2021 is recorded as RMB0.12 million.

LETTER FROM THE BOARD

The capital contribution by Shanghai Shengrui in Jiaxing Gold Lion Real Estate was made by way of shareholder's loan. In the financial statements of Shanghai Shengrui, the capital contribution was recorded as amount due from a jointly-controlled entity, with carrying amount of RMB360.00 million as at 30 June 2021.

Jiaxing Gold Lion Real Estate is a jointly-controlled entity of Shanghai Shengrui for accounting purposes and is accounted for using the equity method. As Jiaxing Gold Lion Real Estate had net loss and net liabilities position since its incorporation, the corresponding carrying amount as at 30 June 2021 is recorded as nil under the equity method.

5. REASONS FOR ENTERING INTO THE WITHDRAWAL FRAMEWORK AGREEMENT AND BENEFITS OF THE WITHDRAWAL

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

As disclosed in the annual report of the Company for the year ended 31 December 2020, the Group aims to explore new business opportunities, strengthen its business portfolio, so as to consolidate the Group's position as the PRC's leading retailer of lifestyle concepts. To this end, the Board constantly reviews the Company's business strategy in maximising the value of the Company.

The purpose for the formation of the Joint Venture was to acquire the land use rights of plots of land to be used for (a) commercial and residential purposes; and (b) commercial and retail purposes. The Company had intended to ultimately realise long-term commercial operation of self-owned shopping center through its investment into the Joint Venture. While the Joint Venture had successfully bid for the land use rights of the Land for commercial and residential purposes on 19 October 2020, the Joint Venture was unable to identify suitable plots of land for commercial and retail purposes, which include the development and construction of commercial shopping centres. It is expected that additional time and resources would be required should the Joint Venture continue to proceed with its intended purposes. After careful consideration and weighing the costs and benefits, the Board is of the view that the Withdrawal presents a good opportunity for the Group to recover its investment in the Joint Venture, thus improving the Group's financial and liquidity position and its cashflow, and provide resources to enable the Group to explore appropriate business opportunities to expand its business scale, thereby creating greater value and achieving better return for the Shareholders.

The Board is of the view that the Withdrawal does not have any material impact on the business, operations or financial position of the Group.

LETTER FROM THE BOARD

Having taken into account the above reasons and benefits, the Directors (including the independent non-executive Directors) are of the view that the terms of the Withdrawal Framework Agreement and each of the specific arrangement documents contemplated thereunder are on normal commercial terms, are fair and reasonable and in the interest of the Company and its Shareholders as a whole.

6. FINANCIAL EFFECT AND USE OF PROCEEDS OF THE WITHDRAWAL ARRANGEMENTS

Following the completion of the Withdrawal, the Group shall cease to have any interest in Shanghai Shengrui. Shanghai Shengrui will not continue to be a subsidiary of the Company and its financial results, assets and liabilities will no longer be included in the consolidated financial statements of the Group. The Group will also no longer have any interest in Jiaxing Gold Lion Real Estate.

Based on (i) the unaudited net liability value of Shanghai Shengrui as at 31 August 2021; and (ii) the consideration for the Sale Shares, the Group currently expects to realise a gain of approximately RMB0.30 million from the transfer of the Sale Shares. The excess of the consideration for the Sale Shares over the unaudited net liability value of Shanghai Shengrui as at 31 August 2021 is approximately RMB0.30 million.

The proceeds from the Withdrawal Arrangements will be used as working capital of the Group.

7. INFORMATION OF THE GROUP AND THE PARTIES

The Group, Parkson Investment, Jiaxing Lion Retail Management

Parkson Investment is a wholly-owned foreign enterprise established in the PRC with limited liability in May 2006 and is an indirect wholly-owned subsidiary of the Company. Parkson Investment is an investment holding company.

Jiaxing Lion Retail Management is a wholly-owned foreign enterprise established in the PRC with limited liability in June 2020 and is an indirect wholly-owned subsidiary of the Company. Jiaxing Lion Retail Management is an investment holding company.

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

LETTER FROM THE BOARD

Hongxiang Real Estate and Shanghai Yuehuanshu

Hongxiang Real Estate is a real estate development company established in the PRC and is a wholly-owned subsidiary of Hongxiang Group. The ultimate beneficial owners of Hongxiang Real Estate are Yao Yueliang, Yao Weibing and Song Chengmei. Hongxiang Group is a property developer located in the PRC, and its principal businesses are property development, provision of construction services, environmental technology and provision of modern services such as financial services, commercial and trading services, sports culture and modern industrial services.

Shanghai Yuehuanshu is a company established in the PRC and a non wholly-owned subsidiary of Hongxiang Group, which is owned as to 55% by Hongxiang Group and 45% by Mr. Song Guangshu. Shanghai Yuehuanshu is principally engaged in business management and consultancy services.

To the best knowledge and belief of the Directors, and having made all reasonable enquiries, Hongxiang Real Estate, Shanghai Yuehuanshu and their ultimate beneficial owner(s) are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules).

Shanghai Shengrui

Shanghai Shengrui is a company established in the PRC with limited liability in September 2020. Shanghai Shengrui is an investment holding company. Prior to the transfer of the Sale Shares, Shanghai Shengrui is an indirect wholly-owned subsidiary of the Company and upon the completion of the registration for the transfer of the Sale Shares, it will become a wholly-owned subsidiary of Shanghai Yuehuanshu.

Jiaxing Gold Lion Real Estate

Jiaxing Gold Lion Real Estate is a company established in the PRC with limited liability in November 2020. Jiaxing Gold Lion Real Estate is principally engaged in real estate development. Jiaxing Gold Lion Real Estate is owned as to 77.5% by Hongxiang Real Estate and 22.5% by Shanghai Shengrui.

8. LISTING RULES IMPLICATIONS

As one or more of the applicable percentage ratios (as defined in Rule 14.07 of the Listing Rules) in respect of the Withdrawal Framework Agreement and the Withdrawal Arrangements are more than 25% but all of such ratios are less than 100%, the Withdrawal Framework Agreement and the Withdrawal Arrangements, as a whole, constitute a major transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

To the best of the knowledge of the Directors, no Shareholder or any of their respective associates has any material interest in the Withdrawal Framework Agreement and the Withdrawal Arrangements and none of the Shareholders is required to abstain from voting in favour of the resolution to approve the Withdrawal Framework Agreement and the Withdrawal Arrangements. A closely allied group of Shareholders interested in an aggregate of 1,448,270,000 Shares, representing approximately 54.97% of the total number of issued shares of the Company had given its written approval on the Withdrawal Framework Agreement and the Withdrawal Arrangements.

The written approval of the aforementioned group of Shareholders had been accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules. The aforesaid Shareholders are (i) East Crest International Limited which holds 9,970,000 Shares, representing 0.38% of the total number of issued shares of the Company; and (ii) PRG Corporation Limited, which holds 1,438,300,000 Shares, representing approximately 54.59% of the total number of issued shares of the Company. PRG Corporation Limited is a wholly-owned subsidiary of East Crest International Limited.

9. RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that the terms of the Withdrawal Framework Agreement, the Withdrawal Arrangements and each of the specific arrangement documents contemplated thereunder are fair and reasonable, and are in the interest of the Company and its Shareholders as a whole. Had a special general meeting been convened for the approval of the Withdrawal Framework Agreement and the Withdrawal Arrangements, the Directors, including the independent non-executive Directors, would have recommended the Shareholders to vote in favour of the Withdrawal Framework Agreement and the Withdrawal Arrangements.

10. FURTHER INFORMATION

Your attention is also drawn to the general information set out in Appendix II to this circular.

Yours faithfully,
For and on behalf of the Board
PARKSON RETAIL GROUP LIMITED
Tan Sri Cheng Heng Jem
Executive Director and Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the following documents which have been published on the websites of the Stock Exchange (www.hkexnews.hk) and of the Company (www.parksongroup.com.cn):

- (a) the annual report of the Company for the year ended 31 December 2018 published on 10 April 2019 (pages 75 to 236) in relation to the financial information of the Group for the same year;
- (b) the annual report of the Company for the year ended 31 December 2019 published on 9 April 2020 (pages 88 to 236) in relation to the financial information of the Group for the same year;
- (c) the annual report of the Company for the year ended 31 December 2020 published on 15 April 2021 (pages 94 to 248) in relation to the financial information of the Group for the same year; and
- (d) the interim report of the Company for the six months ended 30 June 2021 published on 23 September 2021 (pages 5 to 46) in relation to the financial information of the Group for the same period.

2. INDEBTEDNESS**Borrowings**

As at the close of business on 31 July 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding secured interest-bearing borrowings of approximately RMB2,454 million.

Bank borrowings denominated in Hong Kong Dollars of approximately RMB2,234 million bear a floating interest rate of 2.00% per annum over HIBOR. Bank borrowings denominated in Malaysian Ringgit of approximately RMB181 million bear a floating interest rate of 2.25% per annum over KILBOR. Bank borrowings denominated in Renminbi of approximately RMB39 million bear a floating interest rate of 1.265% per annum over LPR.

As at 31 July 2021, the Group's bank loans are secured by (i) mortgages over the Group's investment property, which had a net carrying amount of approximately RMB382 million; (ii) mortgages over the Group's buildings, which had a net carrying amount of approximately RMB2,379 million; (iii) mortgages over the Group's leasehold land, which had an aggregate carrying amount of approximately RMB350 million; (iv) the pledge of the Group's time deposits of approximately RMB700 million; and (v) the pledge of trade receivables of approximately RMB238 million and unrealised receivables of approximately RMB64 million which will be due within 48 months.

As at 31 July 2021, items (i), (ii), (iii) and (iv) are provided to secure the Group's bank loans denominated in Hong Kong Dollars and Renminbi, and item (v) is provided to secure the Group's bank loans denominated in Malaysian Ringgit.

Lease liabilities

As at 31 July 2021, the Group had current and non-current lease liabilities of approximately RMB540 million and RMB3,570 million, respectively, of which approximately RMB2,084 million were secured by rental deposits of approximately RMB72 million, and others were unsecured.

General

Save as aforesaid, the Group did not have any debt securities issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, loans, guarantees or other material contingent liabilities at the close of business on 31 July 2021.

For the purpose of the above statement of indebtedness, foreign currency amounts denominated other than RMB have been translated into RMB at the rates of exchange prevailing at the close of business on 31 July 2021.

3. WORKING CAPITAL

The Directors are of the opinion that, by considering the Group's available financial resources including internally generated cash flows and cash on hand, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

With the new Biden administration coming to power in the U.S., there is still a lot of ambiguity regarding Sino-U.S. relations. In addition, although vaccines for COVID-19 have been launched, the pandemic is not over with the breakout of mutated variants of the virus. Due to all these factors, the global macroeconomic environment is expected to remain unstable in the coming year. While for the PRC, with the stabilised COVID-19 situation in the country and the gradual recovery of the local retail market, consumers will tend to spend money in the local market because of the inability to travel abroad. In view of this, the Group remains optimistic about the overall retail market prospects in the PRC in the second half of the year.

The Group will actively study market trends and consumer demands, broaden the product range of Parkson retail stores, and provide customers with a more diverse collection of high-quality products in the future to fully seize the opportunities brought on by the market recovery. The Group will also put more efforts and resources into online advertising to boost offline retail sales. To this end, the Group will vigorously implement the “O2O New Retail Strategy”, and integrate online and offline retail experience via social media platforms including Douyin, WeChat, mini-programs and customised client services to tap on retail industry changes and growing market demand, and expand market share through high-quality products and services.

In light of macroeconomic instability, the Group is actively looking for different business partners to explore new business opportunities, in order to diversify the Group’s business portfolio and strengthen Parkson’s position as a leading lifestyle retailer in the PRC.

During the six months ended 30 June 2021, total operating revenues of the Group increased by approximately RMB522 million or 26.6% to approximately RMB2,486 million. The Group recorded gross sales proceeds of approximately RMB6,254 million inclusive of value added tax, presenting an increase of 27.7% compared with last year. Same store sales in the six months ended 30 June 2021 increased by 25.9%.

Looking ahead, the Directors believe that the Group will be able to attain stable performance amid the challenging market environment and achieve long-term value for its shareholders, by virtue of the Group’s high-quality services in the PRC’s retail market, diversified product portfolio and advanced business model combining diversified retail formats.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement contained in this circular or this circular misleading.

2. DISCLOSURE OF DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As of the Latest Practicable Date, the interests and short positions of the Directors and Chief Executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance) which will be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company pursuant to section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, were as follows:

- (a) Long position of Tan Sri Cheng Heng Jem in the share capital of the Company:

Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities (Note 1)	Approximate Percentage of Shareholding (Note 2)
Corporate interest	PRG Corporation Limited ("PRG Corporation")	PRG Corporation	1,438,300,000 ordinary shares	54.59%
Corporate interest	East Crest International Limited ("East Crest")	East Crest	9,970,000 ordinary shares	0.38%

Notes:

- (1) Tan Sri Cheng Heng Jem, together with his wife, Puan Sri Chan Chau Ha alias Chan Chow Har, through their interest and a series of companies in which they have a substantial interest, are entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Parkson Holdings Berhad ("PHB"). Since PHB is entitled to exercise or control the exercise of 100% of the voting power at general meeting of PRG Corporation through East Crest, pursuant to the SFO, he is deemed to be interested in both the 1,438,300,000 Shares held by PRG Corporation and the 9,970,000 Shares held by East Crest in the Company.
- (2) Based on the issued and paid-up capital of the Company as of the Latest Practicable Date.

- (b) Long positions of Tan Sri Cheng Heng Jem in the share capital of the Company's associated corporations (as defined in the SFO):

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding (Note 2)
PHB	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem together with his spouse Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	Tan Sri Cheng Heng Jem together with his spouse Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	626,917,128 ordinary shares	57.31%
East Crest	Corporate interest	PHB	PHB	1 ordinary share	100%
Puncak Pelita Sdn. Bhd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
Parkson Properties Holdings Co., Ltd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
Parkson Vietnam Investment Holdings Co., Ltd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
Prime Yield Holdings Limited	Corporate interest	PHB	PHB	1 ordinary share	100%
Corporate Code Sdn. Bhd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
PRG Corporation	Corporate interest	East Crest	East Crest	1 ordinary share	100%
Smart Spectrum Limited	Corporate interest	East Crest	East Crest	1 ordinary share	100%
Park Avenue Fashion Sdn. Bhd.	Corporate interest	East Crest	East Crest	250,002 ordinary shares	100%

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Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Serbadagang Holdings Sdn. Bhd.	Corporate interest	East Crest	East Crest	2 ordinary shares	100%
Parkson Services Pte. Ltd.	Corporate interest	East Crest	East Crest	100 ordinary shares	100%
Parkson Retail Asia Limited	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem and through East Crest	Tan Sri Cheng Heng Jem and through East Crest	458,433,300 ordinary shares	68.03%
Parkson Properties NDT (Emperor) Co., Ltd.	Corporate interest	Parkson Properties Holdings Co., Ltd.	Parkson Properties Holdings Co., Ltd.	2 ordinary shares	100%
Parkson Properties Hanoi Co., Ltd.	Corporate interest	Parkson Properties Holdings Co., Ltd.	Parkson Properties Holdings Co., Ltd.	1 ordinary share	100%
Parkson TSN Holdings Co., Ltd.	Corporate interest	Parkson Vietnam Investment Holdings Co., Ltd.	Parkson Vietnam Investment Holdings Co., Ltd.	2 ordinary shares	100%
Dyna Puncak Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Gema Binari Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Prestasi Serimas Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2,000,000 ordinary shares	100%
Parkson Credit Holdings Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Centro Retail Pte. Ltd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	2 ordinary shares (SGD) 1 ordinary share (MYR)	100%
PT. Tozy Sentosa (Put into bankruptcy on 17 May 2021)	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	45,000 series A common shares	100% (in aggregate)
		Centro Retail Pte. Ltd.	Centro Retail Pte. Ltd.	5,000 series A common shares	
		Parkson Retail Asia Limited	Parkson Retail Asia Limited	30,355,850 series B preference shares	
Parkson Corporation Sdn. Bhd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	82,000,002 ordinary shares	100%
Parkson Myanmar Co., Pte. Ltd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	1 ordinary share (SGD)	100%
				1 ordinary share (MYR)	
Parkson Yangon Company Limited	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	1,900,000 ordinary shares	100% (in aggregate)
		Parkson Myanmar Co., Pte. Ltd.	Parkson Myanmar Co., Pte. Ltd.	100,000 ordinary shares	
Parkson HBT Properties Co., Ltd.	Corporate interest	Parkson TSN Holdings Co., Ltd.	Parkson TSN Holdings Co., Ltd.	2,100,000 capital (USD)	100%

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Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Idaman Erajuta Sdn. Bhd.	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	2 ordinary shares	100%
Magna Rimbun Sdn. Bhd.	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	2 ordinary shares	100%
True Excel Investments Limited	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	1 ordinary share	100%
Parkson Branding Sdn. Bhd.	Corporate interest	Gema Binari Sdn. Bhd.	Gema Binari Sdn. Bhd.	7,000,000 ordinary shares	100%
Ombrello Resources Sdn. Bhd.	Corporate interest	Prestasi Serimas Sdn. Bhd.	Prestasi Serimas Sdn. Bhd.	457,000 ordinary shares	100%
Parkson SGN Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	4,500,000 capital (USD)	100%
Parkson Cambodia Holdings Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	1 ordinary share	100%
Parkson Edutainment World Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	1,000,000 ordinary shares	100%
Parkson Lifestyle Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	35,000,000 ordinary shares	100%
Kiara Innovasi Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	5,000,000 ordinary shares	100%
Parkson Haiphong Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	30,000,920 capital (USD)	100%
Parkson Unlimited Beauty Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	3,000,000 ordinary shares	100%
Parkson Trends Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	3,000,000 ordinary shares	100%
Parkson Private Label Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	5,000,000 ordinary shares	100%
Parkson Trading (Vietnam) Company Limited	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	300,000 capital (USD)	100%
Solid Gatelink Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	3,000,000 ordinary shares	100%
Parkson Vietnam Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	10,340,000 capital (USD)	100%
Parkson Myanmar Investment Company Pte. Ltd.	Corporate interest	Parkson Myanmar Co., Pte. Ltd.	Parkson Myanmar Co., Pte. Ltd.	2,100,000 ordinary shares	70%
Festival City Sdn. Bhd.	Corporate interest	Idaman Erajuta Sdn. Bhd.	Idaman Erajuta Sdn. Bhd.	500,000 ordinary shares	100%
Megan Mastika Sdn. Bhd.	Corporate interest	Magna Rimbun Sdn. Bhd.	Magna Rimbun Sdn. Bhd.	300,000 ordinary shares	100%
True Excel Investments (Cambodia) Co., Ltd.	Corporate interest	True Excel Investments Limited	True Excel Investments Limited	1,000 ordinary shares	100%

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Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Parkson Fashion Sdn. Bhd.	Corporate interest	Parkson Branding Sdn. Bhd.	Parkson Branding Sdn. Bhd.	5,000,000 ordinary shares	100%
Parkson Branding (L) Limited (Note 1) (Struck off on 6 July 2019)	Corporate interest	Parkson Branding Sdn. Bhd.	Parkson Branding Sdn. Bhd.	300,000 ordinary shares	100%
Parkson (Cambodia) Co., Ltd.	Corporate interest	Parkson Cambodia Holdings Co., Ltd.	Parkson Cambodia Holdings Co., Ltd.	1,000 ordinary shares	100%
Parkson Vietnam Management Services Co., Ltd.	Corporate interest	Parkson Vietnam Co., Ltd.	Parkson Vietnam Co., Ltd.	100,000 capital (USD)	100%
Parkson Myanmar Asia Pte. Ltd.	Corporate interest	Parkson Myanmar Investment Company Pte. Ltd.	Parkson Myanmar Investment Company Pte. Ltd.	30,000 ordinary shares (USD) 1 ordinary share (SGD)	100%
Myanmar Parkson Company Limited	Corporate interest	Parkson Myanmar Investment Company Pte. Ltd.	Parkson Myanmar Investment Company Pte. Ltd.	270,000 ordinary shares	100% (in aggregate)
		Parkson Myanmar Asia Pte. Ltd.	Parkson Myanmar Asia Pte. Ltd.	30,000 ordinary shares	
Dimensi Andaman Sdn. Bhd.	Corporate interest	Megan Mastika Sdn. Bhd.	Megan Mastika Sdn. Bhd.	300,000 ordinary shares	100% (in aggregate)
				53,719,999 redeemable convertible cumulative preference shares	

Notes:

- (1) Parkson Branding (L) Limited will be deemed dissolved if its name remains struck off continuously for three years from 6 July 2019 but Labuan Financial Services Authority may apply to the Court on or before the expiration of three years to have Parkson Branding (L) Limited put into liquidation.
- (2) Based on the relevant information of the respective companies as of the Latest Practicable Date.

- (c) Short positions of Tan Sri Cheng Heng Jem in the share capital of the Company's associated corporations (as defined in the SFO):

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
PHB	Corporate interest	Tan Sri Cheng Heng Jem together with his spouse Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	Tan Sri Cheng Heng Jem together with his spouse Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	40,000,142 ordinary shares	3.65% (Note 1)

Note:

- (1) Based on the total issued and paid-up share capital of the company as of the Latest Practicable Date.

Save as disclosed above, as of the Latest Practicable Date, none of the Directors or Chief Executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO), or are required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

3. DISCLOSURE OF INTEREST OF SUBSTANTIAL SHAREHOLDERS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

So far as the Directors are aware, as of the Latest Practicable Date, the following persons, not being a Director or Chief Executive of the Company, had or was deemed or taken to have an interest and/or short position in the Shares or the underlying Shares which would fall to be disclosed under the provisions of Division 2 and 3 of Part XV of the SFO, or who is, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital of the Company carrying rights to vote in all circumstances at general meeting of the Company:

Name	Nature of Interest	Number of Shares	Approximate % of Shareholding
PHB	Corporate interest	1,448,270,000 <i>(Note 1)</i>	54.97%
Puan Sri Chan Chau Ha alias Chan Chow Har	Interest of spouse	1,448,270,000 <i>(Note 2)</i>	54.97%
PRG Corporation	Beneficial interest	1,438,300,000 <i>(Note 1)</i>	54.59%
Chan Kin	Corporate interest	955,975,517 <i>(Note 3)</i>	36.28%
Argyle Street Management Holdings Limited	Corporate interest	955,975,517 <i>(Note 3)</i>	36.28%
Argyle Street Management Limited	Investment manager	955,975,517 <i>(Note 3)</i>	36.28%
ASM Connaught House General Partner II Limited	Corporate interest	940,584,517 <i>(Note 3)</i>	35.70%
ASM Connaught House Fund II LP	Corporate interest	940,584,517 <i>(Note 3)</i>	35.70%
Bishan Street Limited (“Bishan”)	Beneficial interest and security interest	933,845,517 <i>(Note 3)</i>	35.44%
Wang Hung Roger	Beneficial interest and trustee	429,935,500 <i>(Note 4)</i>	16.32%
Wang Hsu Vivine H	Interest of spouse and beneficiary of a trust	429,935,500 <i>(Note 5)</i>	16.32%
GEICO Holdings Limited	Corporate interest	421,646,346 <i>(Note 6)</i>	16.00%
Golden Eagle International Retail Group Limited	Beneficial interest	421,646,346 <i>(Note 6)</i>	16.00%
Wang Dorothy S L	Beneficiary of a trust	421,646,346	16.00%
Wang Janice S Y	Beneficiary of a trust	421,646,346	16.00%

Notes:

- (1) PRG Corporation is a wholly-owned subsidiary of East Crest which is in turn wholly-owned by PHB. By virtue of the SFO, PHB is deemed to be interested in the Shares held by PRG Corporation in the Company.
- (2) Puan Sri Chan Chau Ha alias Chan Chow Har is the wife of Tan Sri Cheng Heng Jem and is deemed to be interested in 1,448,270,000 Shares which Tan Sri Cheng Heng Jem is deemed to be interested in for the purposes of the SFO.
- (3) According to disclosure of interest filings available on the Stock Exchange website, Mr Chan Kin is deemed to be interested in the Shares held by several corporations which he directly or indirectly control. Out of these 955,975,517 Shares, 9,645,517 Shares are interests in cash-settled unlisted derivatives.

Bishan and ASM Connaught House Fund LP beneficially owned 9,645,517 and 11,565,500 Shares respectively. Bishan also held 924,000,000 securities interest on the Shares among the 933,845,517 Shares it is interested in.

Bishan was held indirectly by Argyle Street Management Limited as the Investment Manager through ASM Connaught House Fund II LP, ASM Connaught House Fund LP and several other controlled corporations. ASM Connaught House General Partner II Limited and ASM Connaught House General Partner Limited were two wholly controlled corporations of Argyle Street Management Holding Limited. Mr Chan Kin has 100% control over Argyle Street Management Limited through his 50.43% control over Argyle Street Management Holding Limited. Accordingly, Mr. Chan Kin, Argyle Street Management Holding Limited and Argyle Street Management Limited were deemed to be interested in an aggregate holding of 955,975,517 Shares by virtue of the SFO.

- (4) The capacities of Wang Hung Roger in holding the 429,935,500 Shares (Long position) were as to 8,289,154 Shares (Long position) as beneficial owner and 421,646,346 Shares (Long position) as trustee.
- (5) Wang Hsu Vivine H is the wife of Wang Hung Roger and is deemed to be interested in 429,935,500 Shares held by Wang Hung Roger.
- (6) Golden Eagle International Retail Group Limited is wholly-owned by GEICO Holdings Limited. By virtue of the SFO, GEICO Holdings Limited is deemed to be interested in the Shares held by Golden Eagle International Retail Group Limited in the Company.

As of the Latest Practicable Date, as far as the Directors are aware, each of the following persons, not being a Director or Chief Executive of the Company, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of a member of the Group other than the Company:

Substantial Shareholder	Member of the Group	Percentage of Equity Interest Held
Xinjiang Youhao (<i>Note 1</i>)	Xinjiang Parkson	49%
Wuxi Supply and Marketing (<i>Note 2</i>)	Wuxi Parkson	40%
Guizhou Shenqi Enterprise (<i>Note 3</i>)	Guizhou Parkson	40%
Shanghai Nine Sea Industry	Shanghai Lion Property (<i>Note 4</i>)	71%
Shanghai Nine Sea Industry	Shanghai Nine Sea Parkson (<i>Note 5</i>)	29%
E-Land Fashion Hong Kong Limited (<i>Note 6</i>)	Parkson Newcore Retail Shanghai Ltd.	51%
E-Land Fashion Hong Kong Limited (<i>Note 7</i>)	Nanchang Parkson Newcore Retail Ltd.	51%
Koh Wee Lit	Habitat Blue Sdn. Bhd.	40.55%
Bernice Cheong Nyuk Siew	Habitat Blue Sdn. Bhd.	16.67%

Notes:

- Xinjiang Friendship (Group) Co., Ltd. owns 49% of the equity interest of Xinjiang Youhao Parkson Development Co., Ltd. (“**Xinjiang Parkson**”).
- Wuxi Supply and Marketing Group Co., Ltd. owns 40% of the equity interest of Wuxi Sanyang Parkson Plaza Co., Ltd. (“**Wuxi Parkson**”).
- Guizhou Shenqi Enterprise, owns 40% of the equity interest of Guizhou Parkson.
 - Zhang Pei, Zhang Zhi Jun and Zhang Ya, own 30%, 40% and 30% of the equity interest in Guizhou Shenqi Enterprise, respectively, representing a 12%, 16% and 12% indirect equity interest in Guizhou Parkson.

4. Shanghai Nine Sea Lion Properties Management Co., Ltd. (“**Shanghai Lion Property**”) is a cooperative joint venture enterprise established under the laws of the PRC between Shanghai Nine Sea Industry Co., Ltd. (“**Shanghai Nine Sea Industry**”) and Exonbury Limited (“**Exonbury**”), a wholly-owned subsidiary of the Company. According to public records, Shanghai Nine Sea Industry and Exonbury owns 54.79% and 45.21% of the equity interest in Shanghai Lion Property respectively. Shanghai Nine Sea Industry and the Group are entitled to 71% and 29% of the voting rights in the board of Shanghai Lion Property respectively under a mutual agreement between both parties. Shanghai Nine Sea Industry and the Group are entitled to 65% and 35% of the distributable profits of Shanghai Lion Property respectively.
5. Shanghai Nine Sea Parkson Plaza Co., Ltd. (“**Shanghai Nine Sea Parkson**”) is a cooperative joint venture enterprise established under the laws of the PRC between Shanghai Nine Sea Industry and Exonbury. According to public records, Exonbury owns 100% of the equity interest in Shanghai Nine Sea Parkson. Shanghai Nine Sea Industry and the Group are entitled to 29% and 71% of the voting rights in the board of Shanghai Nine Sea Parkson respectively under a mutual agreement between both parties. Shanghai Nine Sea Industry is entitled to a pre-determined distribution of income from Shanghai Nine Sea Parkson while the Group is entitled to 100% of its distributed profit after deducting the aforesaid pre-determined distribution of income attributable to Shanghai Nine Sea Industry.
6. According to public records, Newcore Retail Hong Kong Limited (“**Newcore Hong Kong**”) has transferred its 51% equity interest in Parkson Newcore Retail Shanghai Ltd. (“**Parkson Newcore**”) to E-Land Fashion Hong Kong Limited (“**E-Land Hong Kong**”) on or around 21 July 2020. Upon the completion of the aforesaid transfer, Newcore Hong Kong has ceased to be a shareholder of Parkson Newcore and E-Land Hong Kong has become a shareholder of Parkson Newcore who owns 51% of the equity interest in Parkson Newcore.
7. Parkson Newcore owns 100% of the equity interest in Nanchang Parkson Newcore Retail Ltd. (“**Nanchang Newcore**”). E-Land Hong Kong owns 51% of the equity interest in Parkson Newcore, and thus E-Land Hong Kong is indirectly interested in 51% of the equity interest in Nanchang Newcore.

Save as disclosed above and so far as the Directors are aware, as of the Latest Practicable Date, no other person had an interest or short position in the Company’s shares or underlying shares (as the case may be), which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was otherwise directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the Group.

4. MATERIAL ADVERSE CHANGE

The Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

5. DIRECTORS' SERVICE CONTRACTS

As of the Latest Practicable Date:

- (a) Tan Sri Cheng Heng Jem (an executive Director) entered into a letter of appointment with the Company in November 2020, pursuant to which he was appointed and he has agreed to act as an executive Director for: (i) a term of three years commencing from 9 November 2020; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Tan Sri Cheng Heng Jem is HK\$240,000.
- (b) Juliana Cheng San San (an executive Director) entered into a letter of appointment with the Company in August 2021, pursuant to which she was appointed and she has agreed to act as an executive Director for: (i) a term of three years commencing from 28 August 2021; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Juliana Cheng San San is HK\$240,000.
- (c) Dato' Sri Dr. Hou Kok Chung (a non-executive Director) entered into a letter of appointment with the Company in November 2020, pursuant to which he was appointed and has agreed to act as a non-executive Director for: (i) a term of three years commencing from 13 November 2020; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Dato' Sri Dr. Hou Kok Chung is HK\$240,000.

Save as disclosed above, none of the Directors have any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or which may be terminated by the Company or the relevant Group member within one year without payment of compensation other than statutory compensation).

6. DIRECTORS' INTERESTS IN ASSETS

As of the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2020, being the date to which the latest published audited financial statements of the Group were made up.

7. DIRECTORS' INTERESTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Group.

8. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosable under the Listing Rules.

9. LITIGATION

As of the Latest Practicable Date, no member of the Group was engaged in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

10. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group within the two years immediately preceding the date of this circular and are or may be material:

- (a) On 12 July 2021, 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) and Yichun Hong Lin Hotel Co., Ltd.* (宜春紅林酒店有限公司) entered into a tenancy agreement (“**Tenancy Agreement**”) in respect of the tenancy of the property located in 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 for a term of 20 years. 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.
- (b) On 23 December 2020, 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) and Lucky King (Xi'an) Real Estate Development Co., Ltd.* (立豐(西安)房地產開發有限公司) entered into a supplemental lease agreement in respect of the properties located in Xi'an City in the PRC for a term of 15 years. The total rental payable shall not exceed an annual cap of RMB50 million.

- (c) On 15 October 2020, Shanghai Shengrui (an indirect wholly-owned subsidiary of the Company) and Hongxiang Real Estate entered into the Joint Venture Cooperation Agreement in respect of the formation of the Joint Venture for a total contribution of an amount of RMB1,550,000,000.
- (d) On 29 July 2020, Oroleon (Hong Kong) Limited (an indirect wholly-owned subsidiary of the Company, “**Oroleon**”) (an indirect wholly-owned subsidiary of the Company) entered into the new sale and purchase agreement with Parkson Credit Holdings Sdn. Bhd., pursuant to which the Oroleon conditionally agreed to acquire the remaining 30% equity interest in the Parkson Credit Sdn. Bhd. at a cash consideration of RM26 million (equivalent to approximately HK\$47,447,400).
- (e) On 1 June 2020, Nanning Brilliant Parkson Commercial Co., Ltd.* (南寧柏聯百盛商業有限公司) (an indirect wholly-owned subsidiary of the Company) and Wuzhou Sankee Investment Co., Ltd.* (梧州市三祺投資有限公司) entered into a tenancy agreement in respect of the tenancy of the property located in in Guangxi Zhuang Autonomous Region, the PRC. 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 was approximately RMB86.52 million.

11. GENERAL

- (a) The registered office of the Company is situated at Second Floor, Century Yard, Cricket Square, P.O. Box 902, Grand Cayman, KY1-1103, Cayman Islands.
- (b) The principal place of business of the Company in Hong Kong is at Room 1010, 10th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 54, Hopewell Centre, 183 Queen’s Road East, Hong Kong.
- (d) The secretary of the Company is Yuen Wing Yan, Winnie, FCS (PE), FCIS.
- (e) In the event of any inconsistency, the English language text of this circular shall prevail over the Chinese language text.

12. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection during normal business hours from Monday to Friday (other than public holidays) at the headquarters and principal place of business of the Company in Hong Kong at Room 1010, 10th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong for a period of 14 days from the day of this circular (both days inclusive):

- (a) the Memorandum and Articles of Association of the Company;
- (b) the Withdrawal Framework Agreement;
- (c) the material contracts referred to in the section headed “Material Contracts” in this Appendix;
- (d) the service contracts referred to in the section headed “Directors’ Service Contracts” in this Appendix;
- (e) the annual report of the Company for the year ended 31 December 2018;
- (f) the annual report of the Company for the year ended 31 December 2019;
- (g) the annual report of the Company for the year ended 31 December 2020;
- (h) the interim report of the Company for the six months ended 30 June 2021;
- (i) the letter from the Board dated 24 September 2021 to the Shareholders, the text of which is set out on pages 5 to 13 of this circular;
- (j) this circular.