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## THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult a licensed securities dealer or registered institution in securities, a bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **PARKSON RETAIL GROUP LIMITED**, you should at once hand this circular, together with the enclosed form of proxy, to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

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This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of **PARKSON RETAIL GROUP LIMITED**.

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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)

## VERY SUBSTANTIAL DISPOSAL IN RELATION TO THE PROPOSED DISPOSAL OF PROPERTIES IN QINGDAO CITY

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

A letter from the Board is set out on pages 8 to 19 of this circular.

A notice convening the EGM to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 28 October 2022, at 10:00 a.m. is set out on pages 66 to 71 of this circular. As set out in the section headed “SPECIAL ARRANGEMENTS FOR THE EGM” of this circular, the EGM will be a hybrid meeting. The Company strongly encourages Shareholders to exercise their rights to attend, participate and vote at the EGM via electronic facilities. As the Shareholders will not be permitted to attend the EGM in person, all Shareholders (other than those who are required to attend the EGM physically to form a quorate meeting) who wish to appoint a proxy to attend, participate and vote at the EGM are strongly encouraged to appoint the Chairman of the EGM as their proxy by completing and signing the accompanying form of proxy in accordance with the instructions printed thereon and returning the same to the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong; or submitting the form of proxy via the designated URL (<https://spot-meeting.tricor.hk>) by using the username and password provided on the notification letter sent by the Company on 13 October 2022 as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from subsequently attending and voting at the EGM or any adjourned meeting (as the case may be) via electronic facilities, should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

13 October 2022

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## SPECIAL ARRANGEMENTS FOR THE EGM

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The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote but is conscious of the need to protect EGM attendees from possible exposure to the COVID-19 pandemic. For the sake of health and safety of EGM attendees, the Company would be adapting the arrangements for the EGM to minimise attendance in person, while still enabling Shareholders to vote and ask questions. Details of the special arrangements for the EGM are set out below.

### **Attending the EGM by means of electronic facilities**

The EGM will be a hybrid meeting. The EGM will be held with the minimum number of persons present as is required under the Articles of Association to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. The quorum will be formed by the senior management members and/or senior staff members of the Company who are Shareholders and/or their proxies to maintain an internal grouping and minimise the continuing risks posed by the COVID-19 pandemic at the EGM.

Given the above reasons, NO other Shareholder, proxy or corporate representative should attend the EGM in person. Other than those in the quorum and the limited number of other attendees to ensure the proper conduct of the meeting, any other person who attempts to do so will be excluded and will not be permitted entry to the venue of the EGM. The Company strongly encourages Shareholders to attend, participate and vote at the EGM through online access by visiting the e-Meeting System provided by Tricor Investor Services Limited, the Company's branch share registrar in Hong Kong. Shareholders participating at the EGM using the e-Meeting System will also be counted towards the quorum and they will be able to cast their votes and submit questions through the e-Meeting System.

The e-Meeting System permits a "split vote" on a resolution, in other words, a Shareholder casting his/her/its votes through the e-Meeting System does not have to vote all of his/her/its shares in the same way ("**For**" or "**Against**"). In the case of a proxy/corporate representative, he/she can vote such number of shares in respect of which he/she has been appointed as a proxy/corporate representative. Votes cast through the e-Meeting System are irrevocable once the votes have been casted. The e-Meeting System will be opened for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a mobile phone, tablet or computer device. Shareholders should allow ample time to check into the e-Meeting System to complete the related procedures.

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## SPECIAL ARRANGEMENTS FOR THE EGM

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### Registered Shareholders

Registered Shareholders will be able to attend the EGM, vote and submit questions online through the e-Meeting System. Each registered Shareholder's personalised username and password will be sent to him/her/it via a separate letter. Registered Shareholders who do not receive their personalised username and password by 10:00 a.m. on Thursday, 27 October 2022 may contact Tricor Investor Services Limited for assistance at +852 2980 1333 between 9:00 a.m. to 5:00 p.m. (on a business day) or by email to [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com).

### Non-registered Shareholders

Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through bank, stockbroker, custodians or Hong Kong Securities Clearing Company Limited (collectively the “**Intermediary**”) may also be able to attend the EGM, vote and submit questions online through the e-Meeting System. In this regard, they should:

- (i) contact and instruct their Intermediary to appoint themselves as proxy or corporate representative to attend the EGM; and
- (ii) provide their email address(es) to their Intermediary before the time limit required by the relevant Intermediary.

Details regarding the EGM arrangements including login details to access the e-Meeting System will be sent by the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, to the email address(es) of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 10:00 a.m. on Thursday, 27 October 2022, should reach out to Tricor Investor Services Limited for assistance at +852 2980 1333 between 9:00 a.m. to 5:00 p.m. (on a business day) or by email to [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com). Without the login details, non-registered Shareholders will not be able to participate and vote using the e-Meeting System. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (i) and (ii) above.

### Questions at the EGM

Shareholders attending the EGM using the e-Meeting System will be able to submit questions relevant to the proposed resolution(s) online during the EGM. The Board and/or the management will endeavour to address substantial and relevant questions in relation to the resolution(s) to be tabled for approval at the EGM and may decide, at their discretion, which questions to respond to.

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## SPECIAL ARRANGEMENTS FOR THE EGM

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### **Appointment of proxy**

Shareholders are strongly encouraged to submit their completed form of proxy and appoint the Chairman of the EGM as their proxy well in advance of the EGM. Return of a completed form of proxy will not preclude Shareholders from subsequently attending and voting by means of electronic facilities at the EGM or any adjournment thereof should they so wish. Shareholders are requested (a) to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding of the EGM or any adjournment thereof; or (b) submit the form of proxy electronically at <https://spot-meeting.tricor.hk> in accordance with the instructions printed on the accompanying notification letter, in each case, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding of the EGM or any adjournment thereof. Registered Shareholders submitting the form of proxy are requested to provide a valid email address of his or her proxy (except appointment of the Chairman of the EGM) for the proxy to receive the username and password to participate in the online virtual meeting via the e-Meeting System.

Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change or adopt contingency plans for the EGM arrangements at short notice. Shareholders are advised to check the latest announcements published by the Company for future updates on the EGM arrangements.

### **Voting for the EGM**

Shareholders must note that attending the EGM (either in person or by proxy) through the e-Meeting System is a prerequisite for casting a vote through submission of their voting slips, failing which their voting slips will be rendered invalid, even if submitted. If Shareholders could not attend the EGM (either in person or by his/her/its proxy through the e-Meeting System), Shareholders are strongly encouraged to appoint the Chairman of the EGM as their proxy to vote on their behalf as referred to in the paragraph headed "Appointment of proxy" above.

Shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

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## DEFINITIONS

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

“Agreement”	means the sale and purchase agreement dated 9 September 2022 entered into between the Vendor and the Purchaser in relation to the sale and purchase of the Properties
“Announcement”	means the announcement of the Company dated 9 September 2022 in relation to the Disposal
“Articles of Association”	means the articles of association of the Company
“Board”	means the board of the Directors
“business day”	means any day (other than a Saturday, Sunday or public holiday) on which banks in the PRC are generally open for business
“Chairman”	means the chairman of the Board
“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 Disposal
“Completion Date”	has the meaning as defined in the section headed “THE AGREEMENT – Completion” in the Letter from the Board
“Completion Notice”	has the meaning as defined in the section headed “THE AGREEMENT– Completion” in the Letter from the Board
“Conditions Precedent”	the conditions precedent to the Completion set out in the section headed “THE AGREEMENT” in the Letter from the Board
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Consideration”	means the consideration for the Disposal in the amount of RMB280 million

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## DEFINITIONS

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“COVID-19”	means the novel coronavirus disease 2019
“Director(s)”	means the director(s) of the Company
“Disposal”	means the disposal of the Properties by the Vendor contemplated under the Agreement
“EGM”	means the extraordinary general meeting of the Company to be convened and held, at which resolutions will be proposed to consider and, if thought fit, to approve the Disposal
“Fulfilment Notice”	has the meaning as defined in the section headed “THE AGREEMENT– Completion” in the Letter from the Board
“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
“Latest Practicable Date”	6 October 2022, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
“Listing Rules”	means the Rules Governing the Listing of Securities on the Stock Exchange
“Long Stop Date”	being the date which is three months after the date of signing of the Agreement (or such other date as mutually agreed by the parties)
“Model Code”	means the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules
“MYR” or “RM”	means the Malaysian Ringgit, the lawful currency of Malaysia

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## DEFINITIONS

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“percentage ratio(s)”	has the meaning as ascribed to it under Rule 14.07 of the Listing Rules for classification of the type of transactions under the Listing Rules
“Post-completion Obligations”	means the obligations of the Vendor after the Completion set out in the section headed “THE AGREEMENT” in the Letter from the Board
“PRC”	means the People’s Republic of China
“Prepayment”	has the meaning as defined in the section headed “THE AGREEMENT – Consideration and Payment Terms” in the Letter from the Board
“Properties”	means the properties to be transferred by the Vendor to the Purchaser pursuant to the Agreement including land use rights, buildings and ancillary facilities
“Purchaser”	means Qingdao Haiming City Development Company Limited* (青島海明城市發展有限公司), a company incorporated in Qingdao, the PRC with limited liability
“Remaining Group”	the Group after completion of the Disposal
“RMB”	means Renminbi, the lawful currency of PRC
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shareholders”	means holders of the Shares from time to time
“Shares”	means ordinary shares of nominal value of HK\$0.02 each in the capital of the Company
“sq. m.”	means square metre
“Stock Exchange”	means The Stock Exchange of Hong Kong Limited
“USD”	means the lawful currency of the United States of America



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## DEFINITIONS

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“Valuation Report”	means the Valuation Report of the Properties prepared by the Independent Property Valuer set out in Appendix I to this circular
“Vendor”	means Qingdao No. 1 Parkson Co., Ltd.* (青島第一百盛有限公司), an indirect subsidiary owned as to 95.91% by the Company
“%”	means per cent

\* *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.*

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LETTER FROM THE BOARD

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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)**

*Executive Directors:*

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

*Non-executive Director:*

Dato' Sri Dr. Hou Kok Chung

*Independent non-executive Directors:*

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

*Registered office:*

Third Floor, Century Yard,  
Cricket Square,  
P.O. Box 902  
Grand Cayman, KY1-1103  
Cayman Islands

*Head office and principal place of business:*

5th Floor, Metro Plaza  
No. 555 Loushanguan Road  
Changning District  
Shanghai 200051  
PRC

*Principal place of business in Hong Kong:*

Room 1010, 10th Floor  
Harcourt House  
39 Gloucester Road  
Wanchai  
Hong Kong

13 October 2022

*To the Shareholders*

Dear Sir or Madam,

**VERY SUBSTANTIAL DISPOSAL IN RELATION TO  
THE PROPOSED DISPOSAL OF PROPERTIES IN QINGDAO CITY**

**INTRODUCTION**

Reference is made to the Announcement. The Vendor and the Purchaser entered into the Agreement, pursuant to which the Vendor has agreed to sell, and the Purchaser has agreed to purchase, the Properties (together with the ancillary facilities) located in Qingdao City, Shandong Province, the PRC at the Consideration of RMB280 million.

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## LETTER FROM THE BOARD

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The purpose of this circular is to provide you with, among other things, further information relating to the Disposal, the notice of the EGM and other information as required under the Listing Rules.

### THE AGREEMENT

Set out below are the principal terms of the Agreement:

Date: 9 September 2022

#### Parties:

Vendor: Qingdao No. 1 Parkson Co., Ltd.\* (青島第一百盛有限公司), an indirect subsidiary owned as to 95.91% by the Company.

Purchaser: Qingdao Haiming City Development Company Limited\* (青島海明城市發展有限公司) a State-owned entity wholly-owned by the Finance Bureau of Qingdao Shinan District\* (青島市市南區財政局), which is a PRC governmental body.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Purchaser and its ultimate beneficial owners are third parties independent of, and not connected with the Company and its connected persons.

#### Properties

The Properties (together with the car parking lots, refuge floors and other ancillary facilities) consist of Floor No. B5-F8, F9-F12A, F27, F46-F48 located at No. 44-60 Zhongshan Road, Shinan District, Qingdao City, Shandong Province, the PRC\* (中國山東省青島市市南區中山路44-60號) with an aggregate construction area of approximately 76,013 sq. m. The Group uses the Properties mainly for the operation of department store and office space rental. Floor No. F9-F12A of the Properties, with an aggregate construction area of approximately 12,597 sq. m. were rented out as office space and held by the Group as investment properties. Floor No. B5-B2 of the Properties, with an aggregate construction area of approximately 19,680 sq. m., were used as car parking space with a total of 258 hourly parking lots. The rental income generated from the aforesaid office space and hourly parking lots, for each of the two financial years ended 31 December 2020 and 31 December 2021 are set out below:

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## LETTER FROM THE BOARD

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	<b>For the year ended 31 December</b>	
	<b>2020</b>	<b>2021</b>
	<i>RMB'000</i>	<i>RMB'000</i>
<b>Floor No. F9-F12A</b>		
Rental income before taxation	786	659
Rental income after taxation	786	659
<b>Floor No. B5-B2</b>		
Rental income before taxation	1,114	1,379
Rental income after taxation	1,114	1,379

Cushman & Wakefield Limited, an independent property valuer, have valued the Properties held by the Vendor in the PRC as at 31 August 2022 and is of the opinion that the market value as at such date was approximately RMB279 million. The texts of its letter and valuation report are set out in the Property Valuation Report in Appendix I to this circular.

The table below sets forth the reconciliation between the net book value of the Properties as at 30 June 2022 as sets forth in Appendix IV to this circular and the revalued amount of the Properties as at 31 August 2022.

	<i>RMB Million</i>
Net book value of the Properties as at 30 June 2022	
as sets out in Appendix IV to this circular	266.7
Depreciation for the two months ended 31 August 2022	(1.8)
Net book value of the Properties as at 31 August 2022	264.9
Valuation surplus	14.1
Market value of the Properties held by the Vendor as at 31 August 2022	279.00

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## LETTER FROM THE BOARD

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### Consideration and Payment Terms

The Consideration of RMB280 million (including value-added tax) shall be paid by the Purchaser to the Vendor in the following manner:

- (i) RMB28 million as prepayment (the “**Prepayment**”) to be paid within ten business days after entering into the Agreement which was paid on 23 September 2022;
- (ii) RMB112 million to be paid upon Completion;
- (iii) RMB84 million to be paid within ten business days after completion of the registration of title transfer of the Properties with the competent real estate authority and upon obtaining of the real estate ownership certificate (不動產權屬登記證書) of the Properties by the Purchaser; and
- (iv) RMB56 million to be paid within 45 days after fulfilment of the Post-completion Obligations (subject to set-off (if any) by the Purchaser).

Payment by the Purchaser to the Vendor under the Agreement shall be made by bank transfer to the Vendor’s designated account or any other methods as mutually agreed.

In the event that the Purchaser anticipates delay in payment of the Consideration (except for the Prepayment) due to its internal approval process or State-owned assets supervision and approval procedures, the Purchaser shall, no later than three business days before the original scheduled payment date, notify the Vendor of the reason for delay in payment and the proposed new payment date. Upon the aforesaid notification, the payment obligation of the Purchaser and the ensuing obligations of the Vendor shall be extended accordingly. Save for the aforesaid, in the event that the Purchaser fails to pay the Consideration in accordance with the terms of the Agreement without proper reason, the Vendor shall be entitled to liquidated damages of 0.05% of the overdue amount on a daily basis, and if payment is overdue for more than 30 business days, the Vendor shall be entitled to terminate the Agreement and liquidated damages equivalent to 10% of the Consideration.

After payment of the Prepayment, in the event that the Completion does not take place on or before the Long Stop Date for reasons not due to the Purchaser, the Purchaser shall be entitled to terminate the Agreement, and the Vendor shall, within three business days of such termination, refund the Prepayment and pay an amount equivalent to the Prepayment as termination fee.

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## LETTER FROM THE BOARD

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The Consideration was determined after arm's length negotiations between the parties with reference to (i) the carrying amount of the Properties; and (ii) the associated costs in relation to vacation of the Properties. The carrying amount of the Properties was approximately RMB264.9 million as at 31 August 2022.

The market valuation of the Properties as at 31 August 2022 as appraised by Cushman & Wakefield, an independent valuer appointed by the Company, based on market comparison method and income capitalisation method approach was RMB279 million. The Consideration represented a premium of approximately 0.4% to the market valuation of the Properties as aforesaid. Further details on the valuation of the Properties are set out in Appendix I to this circular.

### **Conditions Precedent**

Completion is conditional on the fulfillment, or waiver in writing by the Purchaser, of the Conditions Precedent as follows:

- (a) the execution of the Agreement;
- (b) the representations and warranties of the Vendor remain true, accurate and complete in all material respects as of the signing date of the Agreement and the Completion Date;
- (c) the Vendor has substantially performed and complied with its obligations under the Agreement and has not breached the Agreement in any material respect;
- (d) the Vendor has obtained the internal approvals for the Agreement of all competent authorities (including but not limited to the shareholders' approval, board's approvals and/or other internal management bodies of the Vendor and its parent companies);
- (e) the transaction under the Agreement has been approved by the Shareholders in compliance with the relevant requirements under the Listing Rules;
- (f) the Vendor has provided to the Purchaser written documents of all third party consents (including but not limited to banks) (if any) for the transaction under the Agreement;
- (g) any tenant or user of the Properties has issued written confirmation to waive its priority right for purchase or lease the Properties;

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## LETTER FROM THE BOARD

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- (h) all mortgages, seizures or other restrictions on rights over the Properties have been released and the registration of the release of restrictions on rights with the competent real estate authority has been completed;
- (i) all payments for water, electricity, heating, gas and other expenses up to the Completion Date have been settled and the aforesaid utilities can be used normally;
- (j) all property use agreements in respect of the Properties have been terminated and, if applicable, cancellation of registration of the relevant property use agreements with the competent real estate authority;
- (k) all tenancy agreements for the commercial carparks of the Properties have been terminated and all the toll equipment has been removed (unless otherwise agreed by the Purchaser);
- (l) save as otherwise agreed by the Purchaser, all agreements in respect of the operation of the Properties have been terminated and all refund or necessary payments including any termination compensation in accordance with the relevant termination agreements have been made, and there is no unresolved debt between the Vendor and any counterparty of such agreements;
- (m) the Vendor has taken back and vacated the premises of all tenancy agreements agreed to be terminated before Completion according to the terms of the Agreement;
- (n) in respect of tenancy agreements to be terminated before Completion, the relevant tenants have changed or cancelled their registered addresses so that the relevant premises are available as registered addresses for new tenants;
- (o) the number of car parking lots as shown in the commercial carpark registration certificate is consistent with the actual number of carparks in use; and
- (p) there is no material adverse change since the signing of the Agreement and up to the Completion Date.

Save for paragraphs (d) and (e), the Conditions Precedent can be waived by the Purchaser. As at the Latest Practicable Date, Conditions Precedents as set out in paragraphs (a) and (h) above have been fulfilled, and to the best knowledge of the Directors, the Purchaser had no intention to waive any of the remaining Conditions Precedent.

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## LETTER FROM THE BOARD

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### Completion

Within two business days after the fulfilment, or waiver, of all the Conditions Precedent, the Vendor shall notify the Purchaser in writing (the “**Fulfilment Notice**”). Within five business days from the receipt of the Fulfilment Notice, the Purchaser shall notify the Vendor in writing whether the Completion will proceed (the “**Completion Notice**”). Completion shall take place on the third business day following the Completion Notice (the “**Completion Date**”).

On the Completion Date, the parties to the Agreement shall execute the Confirmation on the Transfer of Title of the Properties (目標資產所有權移轉確認書) and arrange for the registration of title transfer of the Properties with the competent real estate authority. Upon the Completion, the title and interest (including all insurance claims on the Properties based on insurance contracts in force as of the date of the Agreement) to the Properties shall be transferred from the Vendor to the Purchaser.

In the event that the Vendor fails to complete after the Purchaser issues the Completion Notice, or the Purchaser is unable to enjoy the title and the ownership rights of the Properties during the course of the Completion due to the reasons of the Vendor, the Purchaser shall be entitled to terminate the Agreement, and request the Vendor to, within three business days from such termination, (i) refund any payment made; (ii) compensate for any tax expenses incurred due to registration of title transfer of the Properties; and (iii) pay liquidated damages equivalent to 10% of the Consideration.

In the event that the Purchaser is unable to operate the Properties without any obstacle due to any non-compliance of the Post-completion Obligations by the Vendor, the Purchaser shall be entitled to serve written notice to the Vendor to request the Vendor to re-comply with its obligations or resolve any obstacle within three business days from such notice and account for any related expenses and losses. If the Vendor fails to do so, the Purchaser shall be entitled to terminate the Agreement, and request the Vendor to, within three business days from such termination, to (i) refund any payment made; (ii) compensate for any tax expenses incurred due to registration of title transfer of the Properties; and (iii) pay liquidated damages equivalent to 10% of the Consideration.

The Vendor shall use its best endeavours to procure the registration of title transfer of the Properties. The Purchaser shall be entitled to terminate the Agreement if the real estate ownership certificate, which specifies the Purchaser as the owner of the Properties, is not obtained within 15 business days from the Completion Date (or such longer period as agreed by the Purchaser).



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## LETTER FROM THE BOARD

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### Post-completion Obligations

The Vendor shall have the following Post-completion Obligations:

- (a) attend to the arrangement of the registration of title transfer of the Properties;
- (b) continue to perform any Condition Precedent waived by the Purchaser at its own cost (if any);
- (c) upon request of the Purchaser, arrange or procure any original lessee to arrange for transfer or cancellation of account of any water, electricity, gas, communication and network etc. in respect of the Properties;
- (d) assist the Purchaser to arrange for extension of business period and change in registration in respect of the commercial carparks; and assist the Purchaser in the registration or approval procedures in respect of the change and extension of normal use certificate of civil air defense projects;
- (e) maintain the existing insurance policies in respect of the Properties until completion of the registration of title transfer and the new insurance policies taken out by the Purchaser coming into effect;
- (f) within 60 days after the Completion Date (or such longer period as the Purchaser may agree), terminate all the agreements in respect of the existing uses of the Properties and refund or make all corresponding payments in accordance with the relevant termination agreements; and
- (g) if the Vendor fails to vacate the Properties pursuant to the terms of the Agreement within 60 days after the Completion Date (or such longer period as the Purchaser may agree), the Purchaser shall have the rights to clear, rectify, repair or replace at the expense of the Vendor.

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## LETTER FROM THE BOARD

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### INFORMATION ON THE PURCHASER

The Purchaser is a company established in the PRC with limited liability, whose scope of business includes, among others, construction engineering survey, construction engineering design, construction engineering construction, urban distribution and transportation services, port operation, real estate development and operation, residential interior decoration. The Purchaser is a State-owned entity wholly-owned by the Finance Bureau of Qingdao Shinan District\* (青島市市南區財政局), which is a PRC governmental body.

### INFORMATION ON THE GROUP AND THE VENDOR

The Group is principally engaged in the operation and management of a network of department stores in the PRC.

The Vendor is a company established in the PRC with limited liability and is an indirect subsidiary owned as to 95.91% by the Company, whose scope of business includes, among others, wholesale and retail, sale and rental of premises, self-operated product exhibition and sale, advertising in commercial buildings, rental of some counters in shopping centers and property management.

### FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS

For illustrative purposes, the Group is expected to record an unaudited gain of approximately RMB1.8 million from the Disposal, which is calculated based on the Consideration of RMB280 million less the aggregate of the carrying amount of the Properties of approximately RMB264.9 million as at 31 August 2022 and the relevant tax. Shareholders should note that the actual gain of the Disposal will be calculated based on the relevant figures as at the date of Completion and subject to audit and therefore, might be different from the aforementioned amount.

The net proceeds from the Disposal after deducting the relevant expenses and value-added tax are estimated to be approximately RMB265.8 million. Having considered the financial performance of the Group and in particular, the continuous global impact of the COVID-19 pandemic on the operating environment as well as the liquidity of the Group for its working capital, the Company intends to use the net proceeds from the Disposal as general working capital of the Group.

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## LETTER FROM THE BOARD

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### REASONS FOR AND BENEFITS OF THE DISPOSAL

The Group currently uses the Properties for the operation of a department store and office space rental. The facilities of the Properties have been in use for more than 20 years since its commencement of operation in 1997. To ensure the continuous operation and improvement of the competitiveness of the department store, it needs to be renovated as a whole and therefore, requires large amount of investment from the Group. Since the Properties are located in an old town area which is subject to urban reconstruction of Qingdao City, the residents of the district have gradually moved out from the old town to the suburban area. As a result, the spending power of the local residents has weakened and the department store has continued to suffer losses since 2015. In addition, since the outbreak of COVID-19, in order to control the epidemic in China, the state has adopted a number of policies such as shutting down production and home quarantine, which have had a huge impact on retailed business including department stores. Hence, the Directors have been continually looking for opportunities to increase Shareholders' return by disposing of the Properties so as to realise their value. Since the second half of 2021, the government has successively launched the reconstruction project of Zhongshan Road Commercial Street. This Disposal is in line with the government's macro urban renewal plan, and it is also a good opportunity for the Company to maximise Shareholders' return. In addition, given the net proceeds from the Disposal shall be applied towards the general working capital of the Group, the Disposal is expected to improve the working capital of the Group and will strengthen the financial position and enhance the cash flow of the Group. The Board believes that, through the Disposal, the Company will be able to allocate its resources more effectively.

In light of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Disposal are on normal commercial terms which are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### IMPLICATIONS UNDER THE LISTING RULES

As the highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) calculated in accordance with the Listing Rules in respect of the Disposal is more than 75%, the Disposal constitutes a very substantial disposal of the Company under Chapter 14 of the Listing Rules and is subject to the reporting, announcement, circular, and shareholders' approval requirements.

**As completion of the Disposal is subject to the satisfaction of a number of conditions precedent as set out in the Agreement, the Disposal may or may not proceed. Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.**

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## LETTER FROM THE BOARD

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### EGM

The EGM will be convened for the purpose of, among other matters, considering and, if thought fit, approving the Disposal. A notice convening the EGM to be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 28 October 2022, at 10:00 a.m. is set out on pages 66 to 71 of this circular.

A form of proxy for use by the Shareholders at the EGM is enclosed herein. Whether or not you are able to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same at the Hong Kong share registrar of the Company, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM or any adjournment thereof should you so wish. If you attend, participate and vote at the EGM, the authority of your proxy will be revoked.

Any Shareholder with a material interest in the Disposal and his close associates will be required to abstain from voting at the EGM to approve the Disposal at the EGM. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, as at the Latest Practicable Date, no Shareholder has a material interest in the Disposal and accordingly, none of the Shareholder is required to abstain from voting in respect of the ordinary resolution to approve the Disposal at the EGM.

In order to be eligible to attend and vote at the EGM, all unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 October 2022.

### VOTING BY POLL

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands. Accordingly, the chairman of the EGM will demand a poll for all resolutions put forward at the EGM and the Company will announce the results of the poll in the manner prescribed under Rule 13.39(5) of the Listing Rules.

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## LETTER FROM THE BOARD

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### RECOMMENDATIONS

The Directors (including the independent non-executive Directors) are of the opinion that the terms of the Agreement, the Disposal and the transactions contemplated thereunder are on normal commercial terms which have been made on an arm's length basis and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution in relation to the Agreement and the Disposal to be proposed in the EGM.

### GENERAL

The translation into Chinese language of this circular is for reference only. In case of any inconsistency, the English text of this circular will prevail.

### FURTHER INFORMATION

Your attention is drawn to the additional information set out in the appendices to this circular.

Yours faithfully,  
By Order of the Board  
**Tan Sri Cheng Heng Jem**  
*Executive Director & Chairman*

13 October 2022

*The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of market value in existing state of the Properties held by Qingdao No.1 Parkson Co., Ltd.\* (青島第一百盛有限公司) in the PRC as at 31 August 2022.*



27/F, One Island East  
Taikoo Place  
18 Westlands Road  
Quarry Bay  
Hong Kong

13 October 2022

The Board of Directors  
Parkson Retail Group Limited  
Room 1010, 10th Floor  
Harcourt House  
39 Gloucester Road  
Wanchai  
Hong Kong

Dear Sirs,

**Re: B5-F8, F9-F12A, F27, F46-F48, No. 44-60 Zhongshan Road, Shinan District,  
Qingdao City, Shandong Province, the People's Republic of China  
中國山東省青島市市南區中山路44-60號B5-F8、F9-F12A、F27、F46-F48層**

#### **INSTRUCTIONS, PURPOSE & VALUATION DATE**

In accordance with the instructions from Parkson Retail Group Limited (the “**Company**”) for us to carry out the valuation of the market value of the Properties held by Qingdao No.1 Parkson Co., Ltd.\* (青島第一百盛有限公司) (“**the Vendor**”), an indirect subsidiary owned as to 95.91% by the Company, in the People’s Republic of China (the “**PRC**”), we confirm that we have carried out inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing you with our opinion of the market value of the Properties in existing state as at 31 August 2022 (the “**Valuation Date**”).

**DEFINITION OF MARKET VALUE**

Our valuation of the Properties represents its Market Value which in accordance with the HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

**VALUATION BASIS & ASSUMPTIONS**

Our valuation of the Properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the Properties held in the PRC, with reference to the PRC Legal opinion of the Company’s legal adviser, Duan & Duan (上海段和段(青島)律師事務所), we have prepared our valuation on the basis that transferable land use rights in respect of the Properties for its specific term at nominal annual land use fee has been granted and that any premium payable has already been fully paid. We have relied on the information and advice given by the Company and the PRC legal opinion, dated on 25 August 2022, regarding the title to the Properties and the interests in the Properties. In valuing the Properties, we have prepared our valuation on the basis that the owners have enforceable title to the Properties and have free and uninterrupted rights to use, occupy or assign the Properties for the whole of the unexpired terms as granted.

No allowance has been made in our valuation for any charges, pledges or amounts owing on the Properties nor any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is valued on the basis that the Properties is free from encumbrances, restrictions and outgoings of any onerous nature which could affect its value.

**METHOD OF VALUATION**

In valuing the Properties, which is held for owner-occupation and investment purposes in the PRC, we have adopted the Market Comparison Approach assuming sale with the benefit of vacant possession and by making reference to comparable sales evidence as available on the market, or where appropriate by the Income Capitalisation Method of valuation by considering the capitalised income derived from the existing tenancies and the reversionary potential of the Properties.

In valuing the Properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2020.

**SOURCE OF INFORMATION**

We have relied to a very considerable extent on the information given by the Company and the opinion of the PRC legal adviser as to PRC laws. We have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the Properties, particulars of occupancy, tenancy details, interests attributable to the Group, site and floor areas and all other relevant matters.

Dimension, measurements and areas included in this valuation report are based on the information provided to us and are therefore only approximation. We have no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised that no material facts have been omitted from the information supplied.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

**TITLE INVESTIGATION**

We have been provided by the Company with copies or extracts of documents. However, we have not searched the original documents to verify ownership or to ascertain any amendments. All documents have been used for reference only and all dimensions, measurements and areas are approximate.



**SITE INSPECTION**

Our valuer of Qingdao office, Ren Yanli 任艳利 (a China Real Estate Appraiser with 11 years' of property valuation), has inspected the exterior, and where possible, the interior of the Properties in August 2022. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the Properties is free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor area of the Properties and we have assumed that the areas shown on the copies of documents handed to us are correct.

**CURRENCY**

Unless otherwise stated, all sums stated in our valuation is in RMB, the official currency of the PRC.

**MARKET VOLATILITY**

The recent outbreak of the COVID-19 has brought high volatility to global financial markets and uncertainty to the property market. It is expected that property values will be very sensitive to development of the pandemic and changes in the financial markets. The extents of impact on different sectors of the market are different and the time for marketing and negotiating sale of a property will be longer than normal. There will be less certainty as to how long a valuation may sustain and property prices may fluctuate rapidly and materially over a short period of time. Our valuation of the Properties is valid only at the Valuation Date and any subsequent changes in market conditions as well as the resulting impacts on property values after the Valuation Date cannot be taken into account. If any party intends to make reference to our valuation when entering into any transaction, he must bear in mind the high market volatility during this period of time and that property values may or may not have changed since the Valuation Date.

**OTHER DISCLOSURE**

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

We attach herewith a valuation report.

Yours faithfully,  
For and on behalf of  
**Cushman & Wakefield Limited**  
**Philip C Y Tsang**  
*Registered Professional Surveyor (General Practice)*  
*MSc, MHKIS*  
*Director*

*Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 29 years' experience in the valuation of properties in the PRC.*

## VALUATION REPORT

## Properties held by the Vendor for owner-occupation and investment purposes in the PRC

Properties	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 August 2022 RMB																		
B5-F8, F9-F12A, F27, F46-F48, No. 44-60 Zhongshan Road, Shinan District, Qingdao City, Shandong Province, the PRC 中國山東省青島市市南區中山路 44-60 號B5-F8、F9-F12A、F27、F46-F48層	No. 44-60 Zhongshan Road is a 48-storey plus 5 levels of basement commercial/office building erected on a parcel of land with a site area of approximately 5,585.40 sq. m. completed in 2000 to 2001. B1-F8 is occupied as Parkson Department Store; F9-F48 are devoted for office/apartment uses (except F27 & F46 are refugee floors and F47-F48 are Roof).  The Properties comprise part of the building as below:	As at the Valuation Date, the commercial and office portion of the Properties has total lettable area of 39,143.00 sq. m..  B1-F8, with total lettable area of 24,715 sq. m., were operated as Department Store.  Various commercial units, with a total lettable area of 2,550.24 sq. m., were subject to tenancies for various terms with the latest tenancy due to expire on 27 April 2031; office units, with a total lettable area of 7,900.16 sq. m., were subject to tenancies for two terms with the latest tenancy due to expire on 27 April 2031.	RMB279,000,000  (RENMINBI TWO HUNDRED SEVENTY NINE MILLION)  (95.91% interest attributable to the Company: RMB267,588,900 (RENMINBI TWO HUNDRED SIXTY SEVEN MILLION FIVE HUNDRED EIGHTY EIGHT THOUSAND NINE HUNDRED))																		
	<table border="1"> <thead> <tr> <th>Level</th> <th>Main Use</th> <th>Gross Floor Area sq. m.</th> </tr> </thead> <tbody> <tr> <td>B1-F8</td> <td>Department store</td> <td>42,035.59</td> </tr> <tr> <td>F9-F12A</td> <td>Office and Refugee Floor</td> <td>12,596.51</td> </tr> <tr> <td>F27 &amp; F46-F48</td> <td>Refugee Floor &amp; Roof</td> <td>1,700.84</td> </tr> <tr> <td>B5 to B2</td> <td>258 Car Parking Spaces</td> <td>19,680.28</td> </tr> <tr> <td><b>Grand Total:</b></td> <td></td> <td><b><u>76,013.22</u></b></td> </tr> </tbody> </table>	Level	Main Use	Gross Floor Area sq. m.	B1-F8	Department store	42,035.59	F9-F12A	Office and Refugee Floor	12,596.51	F27 & F46-F48	Refugee Floor & Roof	1,700.84	B5 to B2	258 Car Parking Spaces	19,680.28	<b>Grand Total:</b>		<b><u>76,013.22</u></b>		
Level	Main Use	Gross Floor Area sq. m.																			
B1-F8	Department store	42,035.59																			
F9-F12A	Office and Refugee Floor	12,596.51																			
F27 & F46-F48	Refugee Floor & Roof	1,700.84																			
B5 to B2	258 Car Parking Spaces	19,680.28																			
<b>Grand Total:</b>		<b><u>76,013.22</u></b>																			
	The Properties is located at the west of Zhongshan Road, north of Hubei Road, east of Henan Road, south of Qufu Road, Shinan District, Qingdao City, Shandong Province. Qingdao Railway Station Metro Station is connected to City. Developments nearby are mainly commercial, office and residential development. According to the Company, the Properties is for commercial, office and car parking uses; there is no environmental issues and litigation dispute; there is no plan for renovation or change the use of the Properties.  The land use rights of the Properties have been granted for a term of 50 years due to expire on 3 April 2045 for commercial and residential use.	The car parking spaces are licenced on hourly basis.  The remaining portion of the Properties is vacant.																			

*Notes:*

- (1) According to State-owned Land Use Rights Certificate No. (95) 10108, the land use rights of the Properties has been granted to the Vendor, with a site area of 5,585.40 sq. m., for a term of 50 years due to expire on 3 April 2045 for commercial and residential use.
- (2) According to 7 Real Estate Ownership Certificates, the title of the Properties has been vested to the Vendor, with a total gross floor area of 76,013.22 sq. m., for a land use term due to expire on 3 April 2045:

<b>Real Estate Ownership Certificate No.</b>	<b>No. 44-60 Zhongshan Road, Shinan District</b>	<b>Gross floor Area sq. m.</b>	<b>Use</b>
201299545	B1 to F8	42,035.59	Commercial
133665	B5 to B2	19,680.28	Commercial
201299547	F9 to F12A	12,596.51	Commercial
156320	F27	867.41	Office
156319	F46	293.64	Office
156318	F47	340.51	Office
156316	F48	199.28	Office
	<b>Total</b>	<b>76,013.22</b>	

- (3) According to the PRC legal opinion dated 25 August 2022:
- (i) According to the real estate registration information obtained from the Qingdao Real Estate Registration Center, the housing and land ownership of the 7 Real Estate Ownership Certificates belong to the Vendor;
- (ii) Real Estate Ownership Certificate No. 201299545 of F1-F8, No. 44-60 Zhongshan Road, Shinan District is subject to a mortgage Bank of China Limited Nanchang Donghu Sub-branch 中国银行股份有限公司南昌市东湖支行 for 60 months from 17 June 2020\*; and
- (iii) There are no rights restrictions such as mortgage and seizure in respect of the remaining part of the housing.
- \* According to Qingdao Real Estate Registration Information dated 1 September 2022 provided by the Company, Real Estate Ownership Certificate No. 201299545 no longer subject to any mortgage.
- (4) The status of the title and grant of major approvals and licence in accordance with the information provided by the Company and the opinion of the PRC legal adviser:

State-owned Land Use Rights Certificate	Yes
Real Estate Ownership Certificate	Yes

- (5) In valuing the Properties with Market Comparison Method, we have made reference to some sales evidences comparable to the Properties in nearby development. The concluded unit value of the Properties ranges from about RMB5,900 per sq. m. for office and RMB5,200 per sq. m. for commercial. The sales comparable selected by us are exhaustive.

In valuing the Properties with Income Capitalisation Method, our key assumptions used in the Income Capitalisation Method Valuation are summarized as below:

<b>Use</b>	<b>Monthly Market Rent (RMB/sq. m.)</b>	<b>Term Yield</b>	<b>Reversionary Yield</b>
Office	34.0	5.5%	6.0%
Commercial	46.2	5.5%	6.0%

In arriving at the key assumptions, appropriate adjustments and analysis are considered to the differences in several aspects including but not limited to time, floor, location and physical characteristics between the Properties and the comparable properties. The general basis of adjustment is if the Properties is better than the comparable property, an upward adjustment is made. Alternatively, if the Properties is inferior or less desirable than the comparable properties, a downward adjustment is made.

**1. FINANCIAL INFORMATION OF THE GROUP**

Financial information of the Group for the six months ended 30 June 2022 (the “**Period**”) and each of the three years ended 31 December 2021, 2020, and 2019 are disclosed in the following documents which have been published on both the website of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the website of the Company ([www.parksongroup.com.cn/index.php](http://www.parksongroup.com.cn/index.php)), and can be accessible by the links as follows:

- interim report of the Company for the Period (Pages 5 to 45)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0922/2022092200719.pdf>
- annual report of the Company for the year ended 31 December 2021 (pages 98 to 252)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2022/0413/2022041301030.pdf>
- annual report of the Company for the year ended 31 December 2020 (pages 94 to 248)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041501224.pdf>
- annual report of the Company for the year ended 31 December 2019 (pages 88 to 236)  
<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0409/2020040900781.pdf>

**2. STATEMENT OF INDEBTEDNESS****Borrowings**

As at the close of business on 31 August 2022, 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 RMB2,457 million.

Bank borrowings denominated in HK\$ of approximately RMB2,298 million bear a floating interest rate of 2.20% per annum over HIBOR. Bank borrowings denominated in MYR of approximately RMB159 million bear a floating interest rate of 2.25% per annum over KILBOR.

As at 31 August 2022, the Group's bank loans are secured by (i) mortgages over the Group's investment property, which had a net carrying amount of approximately RMB526 million; (ii) mortgages over the Group's buildings, which had a net carrying amount of approximately RMB1,429 million; (iii) mortgages over the Group's leasehold land, which had an aggregate carrying amount of approximately RMB336 million; and (iv) the pledge of trade receivables of approximately RMB243 million and unrealised receivables of approximately RMB59 million which will be due within 48 months.

As at 31 August 2022, items (i), (ii), (iii) are provided to secure the Group's bank loans denominated in HK\$, and item (iv) is provided to secure the Group's bank loans denominated in MYR.

Save as disclosed above, the Group had no other bank loans, no matter guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) or unsecured.

#### **Lease Liability**

As at 31 August 2022, the Group had current and non-current lease liabilities of approximately RMB684 million and RMB3,026 million, respectively, of which approximately RMB1,815 million were secured by rental deposits of approximately RMB73 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 August 2022.

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 August 2022.

### **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**

The Group is a leading nationwide lifestyle retail operator in the PRC. The Parkson brand was introduced to the Beijing market in the early 1990's and has now operated and managed a diversified collection of retail formats – including department stores, shopping malls, city outlets, supermarkets and food & beverage outlets.

Although the macro economy is expected to face instability in the near future, the Group remains optimistic about the prospects of the overall retail market in China. With the continuous development of China's economy, the increase in urbanization rate and the improvement of people's living standards, consumption will remain a leading driver of China's economic growth in the future.

As disclosed in the section headed "REASONS FOR AND BENEFITS OF THE DISPOSAL" in the Letter from the Board, the Disposal provides an optimum opportunity for the Company to realise cash and unlock the value of its investment in the Properties at a fair market value. Following the Completion, the Group expects to recognise an estimated unaudited capital gain of approximately RMB1.8 million from the Disposal, which is calculated based on the Consideration of RMB280 million less the aggregate of the carrying amount of the Properties of approximately RMB264.9 million as at 31 August 2022 and the relevant tax. The Group intends to apply the net proceeds from the Disposal for such purposes as disclosed in the section headed "FINANCIAL EFFECTS OF THE DISPOSAL AND USE OF PROCEEDS" in the Letter from the Board.

Looking ahead, the Group will actively review market trends and study customer needs, expand product categories in Parkson retail stores, and provide customers with a more diversified range of high-quality products to fully seize all opportunities. Meanwhile, the Group will actively look for business partners with strong reputation to diversify the Group's business portfolio and to be more sustainable, so as to strengthen Parkson's position as a leading fashion and lifestyle retailer in China.

We believe that with the Group's effective business strategies and extensive experience in the retail market over the past two decades, we can achieve stable and sustainable performance in a challenging environment and create long term value for shareholders.



## 5. MANAGEMENT DISCUSSION AND ANALYSIS

**Liquidity, financial resources and capital structure**

As at 30 June 2022, the Group had cash and cash equivalents of approximately RMB1,749.3 million (31 December 2021: approximately RMB925.2 million), time deposits of RMB135.8 million (31 December 2021: RMB735.6 million), financial assets at fair value through profit or loss of RMB86.3 million (31 December 2021: RMB90.6 million) and investments in principal guaranteed deposits of nil (31 December 2021: RMB0.5 million). The Group's cash and cash equivalents are mainly denominated in RMB with the remaining denominated in USD, HK\$ and others.

Total debt to total assets ratio of the Group was 20.2% as at 30 June 2022 (31 December 2021: 15.6%).

As at 30 June 2022, the Group's total current assets and current liabilities were approximately RMB3,020.9 million (31 December 2021: approximately RMB2,881.5 million) and approximately RMB2,867.4 million (31 December 2021: approximately RMB4,628.2 million), respectively, while the current ratio calculated by dividing the total current assets over the total current liabilities was approximately 1.05 times (31 December 2021: approximately 0.62 time).

As at 30 June 2022, the Group had interest-bearing bank loans amounting to approximately RMB2,451.1 million (31 December 2021: approximately RMB1,921.2 million).

	As at 30 June 2022 Unaudited RMB million	As at 31 December 2021 Audited RMB million
<b>Current</b>		
Secured bank loans denominated in RM	138.8	159.5
Secured bank loans denominated in HK\$	85.5	1,726.8
Secured bank loans denominated in RMB	10.0	9.0
	<u>234.3</u>	<u>1,895.3</u>
<b>Non-current</b>		
Secured bank loans denominated in HK\$	2,195.8	–
Secured bank loans denominated in RMB	21.0	25.9
	<u>2,216.8</u>	<u>25.9</u>
	<u><u>2,451.1</u></u>	<u><u>1,921.2</u></u>

The amounts payable based on the maturity terms of the borrowings are analysed as follows:

	<b>As at 30 June 2022 Unaudited RMB million</b>	<b>As at 31 December 2021 Audited RMB million</b>
Within one year or on demand	234.3	1,895.3
In the second year	95.5	10.0
In the third to fifth years, inclusive	2,121.3	15.9
	<u>2,451.1</u>	<u>1,921.2</u>

Seasonal influence on the Group's borrowings demand was relatively insignificant.

#### Foreign currency risk

The Group's exposure to foreign currency risk mainly arises from the Group's debt financing denominated in HK\$, USD and RM, other than the units' functional currencies. Since the Group mainly engages in the operation of department stores in the PRC, the transactional currency exposure arising from sales or purchases in currencies other RMB has an immaterial impact on the Group's loss after tax and equity.

#### Gearing ratio

The Group monitors capital using a gearing ratio, which is net adjusted debt divided by the capital plus net adjusted debt. The net adjusted debt includes interest-bearing bank loans, long-term payables, trade payables, contract liabilities and lease liabilities, and other payables and accruals less cash and cash equivalents, time deposits, investments in principal guaranteed deposits and financial assets at fair value through profit or loss. As at 30 June 2022, the Group's gearing ratio was approximately 63% (31 December 2021: approximately 61%).

**Treasury policy**

As for the treasury policies, the business transactions of the Group were mainly denominated in RMB. Therefore, except for the capital market transactions for funding needs, there is limited exposure in foreign exchange risk. Hedging instruments including swaps and forwards have been used in the past and would be used in the future, if necessary, to ensure that the Group's exposure to the foreign exchange rate fluctuation and the interest rate fluctuation is minimised.

**Capital commitment**

As at 30 June 2022, capital commitments of the Group amounted to approximately RMB33.2 million (31 December 2021: approximately RMB61.2 million). These capital commitments mainly related to construction in progress for the Group.

**Pledge of assets**

As at 30 June 2022, the Group has pledged account receivables of RMB242.3 million, pledged buildings, investment properties and leasehold land with a net carrying amount of approximately RMB1,592.3 million, RMB526.5 million and RMB337.8 million, respectively, to secure the general bank loans. The Group has pledged unrealised receivables of RMB71.6 million which will be due within 48 months to secure the general interest-bearing bank loans. In addition, the Group has pledged deposits of RMB30.0 million held in designated bank accounts for performance guarantee.

Other than the aforesaid, no other assets are pledged to any bank or lender.

**Segment information**

For management purposes, except for the consumer financing business carried out under Parkson Credit Sdn. Bhd. in Malaysia, the Group has a single operating and reportable segment which is the operation and management of department stores mainly in the PRC. Except for credit services, revenues from external customers are generated mainly in the PRC and all significant operating assets of the Group are located mainly in the PRC.

**Human resources and remuneration policy**

As at 30 June 2022, total number of employees for the Group was 4,456. The Group ensures that all levels of employees are paid competitively within the standard in the market and employees are rewarded on performance related basis within the framework of the Group's salary, incentives and bonus scheme.

Among the Properties, certain floors were leased to tenants (the “**Revenue-generating Properties**”), which are classified as revenue-generating assets under the Listing Rules.

In accordance with paragraph 14.68(2)(b)(i) of the Listing Rules, the unaudited profit and loss statements of the identifiable net income stream of the Revenue-generating Properties for each of the years ended 31 December 2019, 2020 and 2021 and for the six months ended 30 June 2021 and 2022 are set out below.

In the opinion of the Directors, such information has been properly compiled and derived from the underlying books and records of the Group, prepared using accounting policies materially consistent with those of the Group.

**UNAUDITED PROFIT AND LOSS STATEMENTS ON THE IDENTIFIABLE NET INCOME STREAM OF THE REVENUE-GENERATING PROPERTIES**

	Year ended 31 December			Six months ended 30 June	
	2019	2020	2021	2021	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Other operating revenue</b>					
Rental income	1,808	1,900	2,038	965	1,026
Income tax expense	–	–	–	–	–
<b>Profit for the year/period of the identifiable net income stream of the Revenue-generating Properties</b>	<u>1,808</u>	<u>1,900</u>	<u>2,038</u>	<u>965</u>	<u>1,026</u>

The Company has engaged Grant Thornton Hong Kong Limited (the “**Reporting Accountant**”) to perform certain agreed-upon procedures and report their factual finding in respect of the unaudited profit and loss statements on the identifiable net income stream of the Revenue-generating Properties set out above in accordance with Hong Kong Standard on Related Services 4400 (Revised) “Agreed-Up on Procedures Engagements” and with reference to Practice Note 750 “Review of Financial Information under the Hong Kong Listing Rules for a Very Substantial Disposal” issued by the Hong Kong Institute of Certified Public Accountants.

The Reporting Accountant has agreed the unaudited profit and loss statements on the identifiable net income stream of the Revenue-generating Properties to the relevant accounting records of the Group, including general ledger and reconciliation schedules (the “Schedules”) prepared by the management, traced the unadjusted amounts in the Schedules to the relevant accounting records of the Group and found the amounts to be in agreement.

The finding on the agreed-upon procedures were reported solely for the information of the Directors and should not be used or relied upon by any other parties for any other purposes.

The above procedures performed by the Reporting Accountant does not constitute an assurance engagement performed in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA. Consequently, no assurance is provided by the Reporting Accountant on the unaudited profit and loss statements on the identifiable net income stream of the Revenue-generating Properties set out above. Had the Reporting Accountant performed additional procedures or had the Reporting Accountant performed an assurance engagement in respect of the unaudited profit and loss statements on the identifiable net income stream of the Revenue-generating Properties in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA, other matters might have come to their attention that would have been reported to the Directors.

**A. INTRODUCTION TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION  
OF THE REMAINING GROUP**

The following is the unaudited pro forma financial information of the Group which has been prepared on the basis of the notes set out below for the purpose of illustrating the impact of the Disposal as if the Disposal had been taken place on 30 June 2022 for the preparation of unaudited pro forma consolidated net assets statement; and on 1 January 2021 for the preparation of the unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows.

The unaudited pro forma consolidated net assets statement of the Remaining Group is prepared based on the unaudited consolidated statement of financial position of the Group as at 30 June 2022 which has been extracted from the published interim report of the Company for the six months ended 30 June 2022, as if the Disposal had been completed on 30 June 2022 and adjusted to reflect the effect of the Disposal that are (i) directly attributable to the Disposal and (ii) factually supportable.

The unaudited pro forma consolidated statement of profit or loss, the unaudited pro forma consolidated statement of comprehensive income and the unaudited pro forma consolidated statement of cash flows of the Remaining Group are prepared based on the audited consolidated statement of profit or loss of the Group, the audited comprehensive income of the Group and the audited consolidated statement of cash flows of the Group for the year ended 31 December 2021, respectively, which has been extracted from the published annual report of the Company for the year ended 31 December 2021, as if the Disposal had been completed on 1 January 2021, and adjusted to reflect the effect of the Disposal that are (i) directly attributable to the Disposal and (ii) factually supportable.

The unaudited pro forma financial information of the Remaining Group has been prepared by the Directors in accordance with paragraph 4.29 and 14.68(2)(b)(ii) of the Listing Rules for illustrative purpose only, based on their judgements, estimations and assumptions, and because of its hypothetical nature, it may not give a true picture of the financial position of the Remaining Group as at 30 June 2022 or any future date, or the financial performance and cash flows of the Remaining Group for the year ended 31 December 2021 or at any future period.

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**UNAUDITED PRO FORMA FINANCIAL  
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**B. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT OF THE  
REMAINING GROUP**

	The Group as at 30 June 2022 <i>RMB'000</i> <i>Note 1</i>	Pro forma adjustments			The Remaining Group as at 30 June 2022 <i>RMB'000</i>
		<i>RMB'000</i> <i>Note 3</i>	<i>RMB'000</i> <i>Note 5</i>	<i>RMB'000</i> <i>Note 6</i>	
<b>Non-current assets</b>					
Property, plant and equipment	3,160,172	(222,507)			2,937,665
Investment properties	574,615	(44,160)			530,455
Right-of-use assets	2,727,255				2,727,255
Goodwill	1,683,979				1,683,979
Other intangible assets	6,597				6,597
Investments in a joint venture	13,507				13,507
Investments in associates	46,182				46,182
Trade receivables	177,769				177,769
Time deposits	29,966				29,966
Other assets	386,179				386,179
Deferred tax assets	313,823				313,823
	<u>9,120,044</u>				<u>8,853,377</u>
<b>Current assets</b>					
Inventories	434,030				434,030
Trade receivables	197,559				197,559
Prepayments and other receivables	447,847				447,847
Financial assets at fair value through profit or loss	86,320				86,320
Time deposits	105,824				105,824
Cash and cash equivalents	1,749,323	279,129	(15,000)	(31,006)	1,982,446
	<u>3,020,903</u>				<u>3,254,026</u>
<b>Current liabilities</b>					
Trade payables	689,021				689,021
Other payables and accruals	647,009	13,333			660,342
Contract liabilities	592,580				592,580
Interest-bearing bank loans	234,295			(10,000)	224,295
Lease liabilities	675,594				675,594
Tax payable	28,872	52,783			81,655
	<u>2,867,371</u>				<u>2,195,811</u>
<b>Net current assets</b>	<u>153,532</u>				<u>351,545</u>
<b>Total assets less current liabilities</b>	<u>9,273,576</u>				<u>9,204,922</u>

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	<b>The Group as at 30 June 2022</b>	<b>Pro forma adjustments</b>			<b>The Remaining Group as at 30 June 2022</b>
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 3</i>	<i>Note 5</i>	<i>Note 6</i>	
<b>Non-current liabilities</b>					
Interest-bearing bank loans	2,216,817			(21,006)	2,195,811
Lease liabilities	3,065,776				3,065,776
Deferred tax liabilities	241,080	(52,783)			188,297
	<u>5,523,673</u>				<u>5,449,884</u>
<b>NET ASSETS</b>	<u>3,749,903</u>				<u>3,734,032</u>



**APPENDIX IV**
**UNAUDITED PRO FORMA FINANCIAL  
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**C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS  
OF THE REMAINING GROUP**

	The Group for the year ended 31 December 2021		Pro forma adjustments			The Remaining Group for the year ended 31 December 2021
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>	
<b>Revenues</b>	4,187,737	(16,922)				4,170,815
Other operating revenues	550,765	(6,121)				544,644
<b>Total operating revenues</b>	4,738,502					4,715,459
<b>Operating expenses</b>						
Purchase of goods and changes in inventories	(2,316,169)	9,839				(2,306,330)
Staff costs	(580,409)	6,337				(574,072)
Depreciation and amortisation	(658,908)	11,650				(647,258)
Rental expenses	(57,458)					(57,458)
Other operating expenses	(802,008)	11,509	(30,163)	(15,000)		(835,662)
<b>Total operating expenses</b>	(4,414,952)					(4,420,780)
<b>Profits from operations</b>	323,550					294,679
Finance income	73,496	(5)				73,491
Finance costs	(495,718)				31	(495,687)
Share of (losses)/profits of:						
– Joint ventures	(2,971)					(2,971)
– Associates	8,345					8,345
<b>Loss before tax</b>	(93,298)					(122,143)
Income tax expense	(77,332)	919				(76,413)
<b>Loss for the year</b>	(170,630)					(198,556)
<b>Loss for the year attributed to:</b>						
– Owners of the Company	(175,979)	16,502	(28,929)	(14,386)	30	(202,762)
– Non-controlling interests	5,349	704	(1,234)	(614)	1	4,206
	(170,630)					(198,556)

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**UNAUDITED PRO FORMA FINANCIAL  
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**D. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF COMPREHENSIVE  
INCOME OF THE REMAINING GROUP**

	The Group		Pro forma adjustments			The
	for the					Remaining
	year ended					Group
	31 December					for the
	2021					year ended
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	31 December
	<i>Note 1</i>	<i>Note 2</i>	<i>Note 4</i>	<i>Note 5</i>	<i>Note 6</i>	2021
						<i>RMB'000</i>
Loss for the year	(170,630)					(198,556)
<b>Other comprehensive income</b>						
<i>Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</i>						
– Exchange differences on translation of foreign operations	23,424					23,424
<i>Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:</i>						
– Exchange differences on translation of the Company	13,729					13,729
<b>Other comprehensive income for the year, net of tax</b>	<u>37,153</u>					<u>37,153</u>
<b>Total comprehensive income for the year</b>	<u>(133,477)</u>					<u>(161,403)</u>
<b>Total comprehensive income for the year attributed to:</b>						
– Owners of the Company	(138,826)	16,502	(28,929)	(14,386)	30	(165,609)
– Non-controlling interests	<u>5,349</u>	704	(1,234)	(614)	1	<u>4,206</u>
	<u>(133,477)</u>					<u>(161,403)</u>

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**UNAUDITED PRO FORMA FINANCIAL  
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**E. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF CASH FLOWS OF  
THE REMAINING GROUP**

	The Group for the year ended 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	<i>RMB'000</i> <i>Note 2</i>	Pro forma adjustments		<i>RMB'000</i> <i>Note 6</i>	The Remaining Group <i>RMB'000</i>
			<i>RMB'000</i> <i>Note 4</i>	<i>RMB'000</i> <i>Note 5</i>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
Loss before tax	(93,298)	16,287	(30,163)	(15,000)	31	(122,143)
Adjustments for:						
Share of profits of joint ventures and associates, net	(5,374)					(5,374)
Finance income	(73,496)	5				(73,491)
Finance costs	495,718				(31)	495,687
Depreciation and amortisation	658,908	(11,650)				647,258
Losses on disposal of items of property, plant and equipment and investment property, net	3,457	(70)	29,292			32,679
Gain on disposal of a subsidiary	(300)					(300)
Reversal of impairment of inventories	(3,407)					(3,407)
Impairment of trade receivables	7,624					7,624
Impairment of prepayments and other receivables	2,169					2,169
Impairment of right-of-use assets	37,661					37,661
Impairment of property, plant and equipment	13,957					13,957
Impairment of goodwill	78,974					78,974
COVID-19 related rent concessions from lessors	(20,683)					(20,683)
Sublease gains recognised in other income	(3,517)					(3,517)
Loss on subleases modification	9,233					9,232
Gain on modification and termination	(91,774)					(91,773)
Foreign exchange gain	(1,641)					(1,641)
	1,014,211					1,002,912
Increase in inventories	(61,157)	1,175				(59,982)
Increase in trade receivables	(38,662)	141				(38,521)
Decrease in prepayments, deposits and other receivables	41,509	(9,656)				31,853
Increase in trade payables	(125,061)	4,235				(120,826)
Increase in other payables and accruals	98,357		13,333			111,690
Decrease in contract liabilities	(20,571)					(20,571)
<b>Cash generated from operations</b>	908,626					906,555
Income tax paid	(124,902)					(124,902)
<b>Net cash flows from operating activities</b>	<u>783,724</u>					<u>781,653</u>

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	The Group for the year ended 31 December 2021 <i>RMB'000</i> <i>Note 1</i>	<i>RMB'000</i> <i>Note 2</i>	Pro forma adjustments			The Remaining Group <i>RMB'000</i>
			<i>RMB'000</i> <i>Note 4</i>	<i>RMB'000</i> <i>Note 5</i>	<i>RMB'000</i> <i>Note 6</i>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Proceeds from disposal of items of property, plant and equipment and investment property	–		266,667			266,667
Proceeds from disposal of a subsidiary	59					59
Purchases of items of property, plant and equipment and investment property	(288,539)	1,073				(287,466)
Dividend received	2,292					2,292
Interest received	48,594	(5)				48,589
Decrease in financial assets at fair value through profit or loss	151,828					151,828
Decrease in investments in principal guaranteed deposits	15,100					15,100
Decrease in time deposits with original maturity of more than three months when acquired	99,093					99,093
Income tax paid on investing activities	(52,524)					(52,524)
Proceeds from subleases	71,425					71,425
Loan repayment from a joint venture	450,000					450,000
<b>Net cash flows from investing activities</b>	<b>497,328</b>					<b>765,063</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Decrease in an amount due to the ultimate holding company	(5,159)					(5,159)
Proceeds from bank loans	52,437					52,437
Repayment of bank loans	(1,009,789)				(41,847)	(1,051,636)
Interest paid	(86,705)				31	(86,674)
Payment of lease liabilities	(775,791)					(775,791)
Distribution to non-controlling shareholders	(10,859)					(10,859)
<b>Net cash flows used in financing activities</b>	<b>(1,835,866)</b>					<b>(1,877,682)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(554,814)</b>	1,535	279,129	(15,000)	(41,816)	(330,966)
Cash and cash equivalents at beginning of year	1,499,324	(4,224)				1,495,100
Effect of foreign exchange rate changes	(19,348)					(19,348)
<b>CASH AND CASH EQUIVALENTS AT 31 DECEMBER</b>	<b>925,162</b>					<b>1,144,786</b>
<b>ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS</b>						
Cash and bank balances	810,026	(2,689)	279,129	(15,000)	(41,816)	1,029,650
Non-pledged time deposits with original maturity of less than three months when acquired	115,136					115,136
<b>Cash and cash equivalents</b>	<b>925,162</b>					<b>1,144,786</b>

**F. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE  
REMAINING GROUP***Notes:*

- (1) The figures are extracted from the unaudited consolidated statement of financial position of the Group as at 30 June 2022 as set out in the published interim report of the Company for the six months ended 30 June 2022, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income and the consolidated statement of cash flows of the Group for the year ended 31 December 2021 as set out in the published annual report of the Company for the year ended 31 December 2021.
- (2) The adjustments in the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2021 which were included in the book of the Group (including the financial information of the identifiable net income stream of the Revenue-generating Properties for the year ended 31 December 2021 as set forth in Appendix III to this circular), as if the Disposal had been completed on 1 January 2021, reflect the following:
  - (a) The decrease in revenues, other operating revenues and finance income of RMB16,922,000, RMB6,121,000 and RMB5,000 respectively, being the reversal of the income from the Properties (including the Revenue-generating Properties); and
  - (b) The decrease in purchase of goods and changes in inventories, staff costs, depreciation and amortisation, other operating expenses and income tax expense of RMB9,839,000, RMB6,337,000, RMB11,650,000, RMB11,509,000 and RMB919,000 respectively, being the reversal of various expenses incurred in relation to the disposal of the Properties (including the Revenue-generating Properties).

The adjustments in the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021 represent the exclusion of the cash flows of the Properties (including the Revenue-generating Properties), as if the Disposal had been completed on 1 January 2021.

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- (3) The adjustment represents the pro forma loss on the Disposal as if the Disposal, for pro forma purpose, takes place on 30 June 2022.

RMB'000

Calculation of pro forma loss on the Disposal:

Carrying value in respect of the property, plant and equipment portion	222,507
Carrying value in respect of the investment property portion	<u>44,160</u>
Carrying value in respect of the Properties as at 30 June 2022	266,667
Consideration received in respect of the Properties, net of VAT and related expenses	<u>(265,796)*</u>
Estimated loss on disposal as if the Disposal had been completed on 30 June 2022	<u><u>871</u></u>
Net cash received on the Disposal:	
Cash received upon the Disposal	<u><u>279,129*</u></u>

\* *The amount included the estimated legal and professional fees and commission fee of approximately RMB871,000 as if the Disposal has been completed on 30 June 2022.*

The adjustment also included the reallocation of RMB52,783,000 arising from the revaluation of the properties upon the acquisition of the Properties through business combination which was recognised as deferred tax liabilities in 2013 to current income tax payable.

The gain or loss on the Disposal is subject to changes at the actual date of completion.

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- (4) The adjustment represents the pro forma loss on the Disposal as if the Disposal, for pro forma purpose, takes place on 1 January 2021.

RMB'000

Calculation of pro forma loss on the Disposal:

Carrying value in respect of the Properties as at 1 January 2021	295,959
Consideration received in respect of the Properties, net of VAT and related expenses	<u>(265,796)*</u>
Estimated loss on disposal as if the Disposal had been completed on 1 January 2021	<u><u>30,163</u></u>

- \* *The amount included the estimated legal and professional fees and commission fee of approximately RMB871,000 as if the Disposal has been completed on 1 January 2021.*

The gain or loss on the Disposal is subject to changes at the actual date of completion.

- (5) The adjustment represents the estimated expenses of approximately RMB15,000,000 which mainly includes lease cancellation fee and reinstatement fee arising from the closure of the department store which classified as property, plant and equipment of the Group.
- (6) As at 30 June 2022 and 1 January 2021, a borrowing of RMB31,006,000 and RMB41,847,000 respectively was secured by the Properties. The adjustments represent the settlement of this secured borrowing as if the Disposal had been completed on 30 June 2022 and 1 January 2021 respectively. As at 31 August 2022, the borrowing had been fully repaid.
- (7) The above pro forma adjustments will have no continuing effect on the Remaining Group in the subsequent reporting periods.
- (8) No adjustments have been made to reflect any operating results and cash flows or other transactions of the Remaining Group entered into subsequent to 31 December 2021 and 30 June 2022, for the preparation of the unaudited pro forma consolidated statement of profit and loss, unaudited pro forma consolidated statement of comprehensive income and unaudited pro forma consolidated statement of cash flows of the Remaining Group for the year ended 31 December 2021 or the unaudited pro forma consolidated net assets statement of the Remaining Group as at 30 June 2022, respectively.

*The following is the text of a report received from, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this circular.*

**INDEPENDENT REPORTING ACCOUNTANT’S ASSURANCE REPORT ON THE  
COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the directors of Parkson Retail Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Parkson Retail Group Limited (the “**Company**”) and its subsidiaries (hereinafter collectively referred to as the “**Group**”) by the directors of the Company (the “**Directors**”) for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net assets statement as at 30 June 2022, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2021, the unaudited pro forma consolidated statement of comprehensive income for the year ended 31 December 2021, the unaudited pro forma consolidated statement of cash flows for the year ended 31 December 2021 and related notes (the “**Unaudited Pro Forma Financial Information**”) as set out on pages 36 to 49 of Appendix IV to the Company’s circular dated 13 October 2022 (the “**Circular**”) in connection with the Company’s Disposal (all of which were defined in the Circular, the “**Disposal**”). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the notes as set out on pages 36 to 49 of Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the Disposal on the Group’s consolidated financial position as at 30 June 2022 and on the Group’s consolidated financial performance and consolidated cash flows for the year ended 31 December 2021 as if the Disposal had been taken place at 30 June 2022 and 1 January 2021, respectively. As part of this process, information about the Group’s consolidated financial position has been extracted by the Directors from the Group’s unaudited consolidated interim financial statements for the six months ended 30 June 2022, on which a review report has been published, and the Group’s consolidated financial performance and consolidated cash flows has been extracted by the Directors from the Group’s consolidated financial statements for the year ended 31 December 2021, on which an auditors’ report has been published.



**Directors' Responsibilities for the Unaudited Pro Forma Financial Information**

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with reference to Accounting Guideline 7 “Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars” (“**AG 7**”) issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

**Our Independence and Quality Control**

We have complied with the independence and other ethical requirement of the “Code of Ethics for Professional Accountants” issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 “Quality Control for Firms that Perform Audits and Review of Financial Statements, and Other Assurance and Related Services Engagements” issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

**Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus” issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in the Circular is solely to illustrate the impact of the Disposal on unadjusted financial information of the Group as if the Disposal had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Disposal as at 30 June 2022 and 1 January 2021 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

**Grant Thornton Hong Kong Limited**

*Certified Public Accountants*

11th Floor  
Lee Garden Two  
28 Yun Ping Road  
Causeway Bay  
Hong Kong

13 October 2022

Ng Ka Kong  
Practising Certificate No.: P06919

## 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 herein or this circular misleading.

## 2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and Chief Executive of the Company in the shares, underlying shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the Securities and Futures Ordinance (the "SFO")) which will be 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 and short positions which any such Director or Chief Executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered in the register required to be kept by the Company under Section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code, were set out below:

(a) Long positions 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:*

- Tan Sri Cheng Heng Jem, together with his wife, Puan Sri Chan Chau Ha alias Chan Chow Har, through their interests 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.
- Based on the issued and paid-up capital of the Company as at 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
PHB	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem together with his spouse, Puan Sri Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	Tan Sri Cheng Heng Jem together with his spouse, Puan Sri Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	626,917,128 ordinary shares	54.56%
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%
Serbadang 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%

**APPENDIX V**
**GENERAL INFORMATION**

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
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%
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%

**APPENDIX V**
**GENERAL INFORMATION**

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
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%
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%

## APPENDIX V

## GENERAL INFORMATION

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
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%
Parkson Branding (L) Limited (Dissolved on 6 July 2022)	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)	100%
				1 ordinary share (SGD)	
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	

*Note:*

Based on the relevant information of the respective companies as at 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 (Note)
PHB	Corporate interest	Tan Sri Cheng Heng Jem together with his spouse, Puan Sri Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	Tan Sri Cheng Heng Jem together with his spouse, Puan Sri Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	40,000,142 ordinary shares	3.48%

*Note:*

Based on the total number of issued shares of PHB as at the Latest Practicable Date.

Save as disclosed above, as at 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/or 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 and 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. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, so far as is known to any Directors or chief executives of the Company, the following persons had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares 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 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 other members of the Group:

Name of Shareholder	Long/Short Positions	Nature of Interest	Number of Shares	Percentage of Shareholding (direct or indirect)
PHB	Long	Corporate interest	1,448,270,000 <i>(Note 1)</i>	54.97%
Puan Sri Chan Chau Ha alias Chan Chow Har	Long	Interest of spouse	1,448,270,000 <i>(Note 2)</i>	54.97%
PRG Corporation	Long	Beneficial interest	1,438,300,000 <i>(Note 1)</i>	54.59%
Chan Kin	Long	Corporate interest	955,975,517 <i>(Note 3)</i>	36.28%
Argyle Street Management Holdings Limited	Long	Corporate interest	955,975,517 <i>(Note 3)</i>	36.28%
Argyle Street Management Limited	Long	Investment manager	955,975,517 <i>(Note 3)</i>	36.28%
ASM Connaught House General Partner II Limited	Long	Corporate interest	940,584,517 <i>(Note 3)</i>	35.70%
ASM Connaught House Fund II LP	Long	Corporate interest	940,584,517 <i>(Note 3)</i>	35.70%
Bishan Street Limited (“Bishan”)	Long	Beneficial interest and security interest	933,845,517 <i>(Note 3)</i>	35.44%

Name of Shareholder	Long/Short Positions	Nature of Interest	Number of Shares	Percentage of Shareholding (direct or indirect)
Wang Hung Roger	Long	Beneficial interest and trustee	429,935,500 (Note 4)	16.32%
Wang Hsu Vivine H	Long	Interest of spouse and beneficiary of a trust	429,935,500 (Note 5)	16.32%
GEICO Holdings Limited	Long	Corporate interest	421,646,346 (Note 6)	16.00%
Golden Eagle International Retail Group Limited	Long	Beneficial interest	421,646,346 (Note 6)	16.00%
Wang Dorothy S L	Long	Beneficiary of a trust	421,646,346	16.00%
Wang Janice S Y	Long	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's website, Mr. Chan Kin is deemed to be interested in the Shares held by several corporations which he directly or indirectly controls. 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 924,200,000 securities interests 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 at 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 Friendship (Group) Co., Ltd. (“ <b>Xinjiang Youhao</b> ”) (Note 1)	Xinjiang Youhao Parkson Development Co., Ltd. (“ <b>Xinjiang Parkson</b> ”)	49%
Wuxi Supply and Marketing Group Co., Ltd. (“ <b>Wuxi Supply and Marketing</b> ”) (Note 2)	Wuxi Sanyang Parkson Plaza Co., Ltd. (“ <b>Wuxi Parkson</b> ”)	40%
Guizhou Shenqi Enterprise Co., Ltd. (“ <b>Guizhou Shenqi Enterprise</b> ”) (Note 3)	Guizhou Shenqi Parkson Retail Development Co., Ltd. (“ <b>Guizhou Parkson</b> ”)	40%
Shanghai Nine Sea Industry Co., Ltd. (“ <b>Shanghai Nine Sea Industry</b> ”)	Shanghai Nine Sea Lion Properties Management Co., Ltd. (“ <b>Shanghai Lion Property</b> ”) (Note 4)	71%
Shanghai Nine Sea Industry	Shanghai Nine Sea Parkson Plaza Co., Ltd. (“ <b>Shanghai Nine Sea Parkson</b> ”) (Note 5)	29%

Substantial Shareholder	Member of the Group	Percentage of Equity Interest Held
E-Land Fashion Hong Kong Limited (“E-Land Hong Kong”) (Note 6)	Parkson Newcore Retail Shanghai Ltd. (“Parkson Newcore”)	51%
E-Land Hong Kong (Note 7)	Nanchang Parkson Newcore Retail Ltd. (“Nanchang Newcore”) (Note 7)	51%
Koh Wee Lit	Habitat Blue Sdn. Bhd.	40.55%
Bernice Cheong Nyuk Siew	Habitat Blue Sdn. Bhd.	16.67%

## Notes:

- Xinjiang Youhao owns 49% of the equity interest of Xinjiang Parkson.
- Wuxi Supply and Marketing owns 40% of the equity interest of 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, representing a 12%, 16% and 12% indirect equity interest in Guizhou Parkson, respectively.
- Shanghai Lion Property is a cooperative joint venture enterprise established under the laws of the PRC between Shanghai Nine Sea Industry and Exonbury Limited (“Exonbury”), a wholly-owned subsidiary of the Company. According to public record, Shanghai Nine Sea Industry and Exonbury owns 54.79% and 45.21% 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.
- 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 record, Exonbury owns 100% 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 to E-Land Hong Kong on or around 21 July 2021. 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 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 herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no other person, other than the Directors or chief executive of the Company and (in the case of the other members of the Group) other than the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, 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 other member of the Group.

#### **4. DIRECTORS’ SERVICE CONTRACTS**

As at 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 RMB199,000.
- (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 RMB199,000.

- (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 RMB199,000.
- (d) Dato' Fu Ah Kiow (an independent non-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 independent 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' Fu Ah Kiow is RMB207,000.
- (e) Yau Ming Kim, Robert (an independent non-executive Director) entered into a letter of appointment with the Company in January 2021, pursuant to which he was appointed, and he has agreed to act as an independent non-executive Director for: (i) a term of three years commencing from 1 January 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 Yau Ming Kim, Robert is RMB207,000.
- (f) Datuk Koong Lin Loong (an independent non-executive Director) entered into a letter of appointment with the Company in February 2021, pursuant to which he was appointed, and he has agreed to act as an independent non-executive Director for: (i) a term of three years commencing from 22 February 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 Datuk Koong Lin Loong is RMB207,000.

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).

**5. DIRECTORS' INTERESTS IN ASSETS**

As at 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 2021, being the date to which the latest published audited financial statements of the Group were made up.

**6. 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.

**7. 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.

**8. LITIGATION**

As at the Latest Practicable Date, no member of the Group was involved 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.

**9. MATERIAL ADVERSE CHANGE**

The Group recorded a loss attributable to equity holders of the Company of approximately RMB200.0 million for the six months ended 30 June 2022, compared with a profit attributable to equity holders of the Company of RMB7.0 million for the corresponding period in 2021. The said loss was mainly attributable to the impact on the Group's business as a result of the resurgence of COVID-19 cases in China and related prevention and control quarantine measures during the first half of 2022. For details, please refer to the profit warning announcement of the Company dated 8 August 2022 and the interim report of the Company for the six months ended 30 June 2022 published on 22 September 2022.

As at the Latest Practicable Date, save as disclosed above the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2021, being the date to which the latest published audited financial statements of the Group were made up.



**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 30 November 2021, Shanghai Hongqiao Parkson Development Co., Ltd.\* (上海虹橋百盛商貿有限公司) (an indirect wholly-owned subsidiary of the Company) as vendor and Shanghai Shunyu Brand Management Co., Ltd.\* (上海順羽品牌管理有限公司) as purchaser entered into share equity transfer agreement (the “**Shanghai Delight Food Agreement**”) in respect of the disposal of the entire equity interest in Shanghai Delight Food Co., Ltd.\* (上海暢悅食品有限公司) (“**Shanghai Delight Food**”) for a consideration of an amount of RMB2,400,000.
- (b) On 6 September 2021, Parkson Investment Holdings Co., Ltd.\* (金獅百盛投資有限公司) (“**Parkson Investment**”) (an indirect wholly-owned subsidiary of the Company), Shanghai Yuehuanshu Enterprise Management Co., Ltd.\* (上海樾寰曙企業管理有限公司) (“**Shanghai Yuehuanshu**”), Hongxiang Real Estate Co., Ltd.\* (鴻翔房地產有限公司) (“**Hongxiang Real Estate**”), Shanghai Shengrui Commercial Management Co., Ltd.\* (上海盛蕤商業管理有限公司) (“**Shanghai Shengrui**”), Jiaxing Gold Lion Real Estate Development Co., Ltd.\* (嘉興金獅房地產開發有限公司) (“**Jiaxing Gold Lion**”) and Jiaxing Lion Retail Management Co., Ltd.\* (嘉興金獅商業管理有限公司) entered into a withdrawal framework agreement in respect of a series of withdrawal arrangements to implement the Group’s withdrawal from Jiaxing Gold Lion with the total consideration of the withdrawal arrangements amounted to RMB379.90 million (the “**Withdrawal Framework Agreement**”). Pursuant to the Withdrawal Framework Agreement, among others, Parkson Investment (as transferor) transferred the entire equity interest in Shanghai Shengrui to Shanghai Yuehuanshu (as transferee) at a consideration of approximately RMB0.26 million.
- (c) On 15 October 2020, Shanghai Shengrui and Hongxiang Real Estate entered into a joint venture cooperation agreement in respect of the formation of Jiaxing Gold Lion for a total contribution of an amount of RMB1,550.00 million.

**11. MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES**

During the year ended 31 December 2021 and up to and including the Latest Practicable Date, the Group had disposed of the following subsidiaries:

- (a) disposal of its entire equity interest in Shanghai Shengrui pursuant to the Withdrawal Framework Agreement, as detailed in paragraph 10 in this appendix ;and
- (b) disposal of its entire equity interest in Shanghai Delight Food pursuant to the Shanghai Delight Food Agreement, as detailed in paragraph 10 in this appendix.

Save for the aforesaid and the Disposal as set out in this circular, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group up to and including the Latest Practicable Date.

**12. EXPERTS AND CONSENTS**

<b>Name</b>	<b>Qualification</b>
Grant Thornton Hong Kong Limited	Certified Public Accountants
Cushman & Wakefield Limited	Independent property valuer

The above experts have given and have not withdrawn their written consents to the issue of the circular with the inclusion of their letters or opinions or advice and the references to their names in the form and context in which they appear.

As at the Latest Practicable Date, the above experts were not beneficially interested in the share capital of any member of the Group nor did they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did they have any interest, either direct or indirect, in any assets which have been, since 31 December 2021 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

**13. DOCUMENTS ON DISPLAY**

Copies of the following documents will be published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company ([www.parksongroup.com.cn](http://www.parksongroup.com.cn)) for a period of 14 days from the date of this circular:

- (a) the Agreement;
- (b) the valuation report from Cushman & Wakefield Limited, the text of which is set out in Appendix I to this circular;
- (c) the assurance report from Grant Thornton Hong Kong Limited on the unaudited pro forma financial information of the Remaining Group, the text of which is set out in Appendix IV to this circular;
- (d) the letters of consent from the experts referred to in paragraph 12 in this appendix; and
- (e) this circular.

**14. MISCELLANEOUS**

- (a) The registered office of the Company is situated at Third 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 principal share registrar and transfer office of the Company in the Cayman Islands is Tricor Services (Cayman Islands) Limited at Third Floor, Century Yard, Cricket Square, P.O. Box 902 Grand Cayman, KY1-1103 Cayman Islands.
- (d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.
- (e) The secretary of the Company is Yuen Wing Yan, Winnie, FCG, HKFCG.
- (f) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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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)

## NOTICE OF EXTRAORDINARY GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that an Extraordinary General Meeting (the “EGM”) of Parkson Retail Group Limited (the “Company”) will be held at 35/F, Central Plaza, 18 Harbour Road, Wanchai, Hong Kong on Friday, 28 October 2022, at 10:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolution of the Company:

### ORDINARY RESOLUTION

“**THAT:**

- (i) the sale and purchase agreement dated 9 September 2022 entered into between Qingdao No. 1 Parkson Co., Ltd.\* (青島第一百盛有限公司) as vendor and Qingdao Haiming City Development Company Limited\* (青島海明城市發展有限公司) as purchaser, for the sale and purchase of the Properties (together with the car parking lots, refuge floors and other ancillary facilities) which consist of Floor No. B5-F8, F9-F12A, F27, F46-F48 located at No. 44-60 Zhongshan Road, Shinan District, Qingdao City, Shandong Province, the PRC\* (中國山東省青島市市南區中山路44-60號) with an aggregate construction area of approximately 76,013 sq. m. (the “**Agreement**”) be and are hereby ratified, confirmed and approved; and

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (ii) the directors of the Company be and are hereby authorised for and on behalf of the Company to sign, execute, perfect, perform and deliver all such other agreements, instruments, deeds and documents and do all such acts or things and take all such steps as they may in their absolute discretion consider to be necessary, desirable, appropriate or expedient to implement or give effect to or otherwise in connection with or incidental to the Agreement referred to in paragraphs (i) above and all the transactions contemplated thereunder and to agree to such variations, amendments or waivers as are, in the opinion of the directors of the Company, in the interests of the Company and its shareholders.”

By Order of the Board  
**Tan Sri Cheng Heng Jem**  
*Executive Director & Chairman*

13 October 2022

*Notes:*

- (1) The EGM will be held at the venue of the EGM with the minimum number of persons present as is legally required to form a quorate meeting. The quorum will be formed by the senior management members and/or senior staff members of the Company who are Shareholders and/or their proxies to maintain an internal grouping and minimise the continuing risks posed by the COVID-19 pandemic at the EGM.
- (2) No other Shareholder, proxy or corporate representative should attend the EGM in person. Other than those in the quorum and the limited number of other attendees to ensure the proper conduct of the meeting, any other person who attempts to do so will be excluded and will not be permitted entry to the venue of the EGM.
- (3) In order to be eligible to attend and vote at the EGM, all unregistered holders of shares of the Company shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company’s Hong Kong branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Monday, 24 October 2022.
- (4) A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy (who must be an individual) to exercise all or any of his right to attend, speak and vote in his stead. A proxy needs not be a member of the Company.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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- (5) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time between 6:30 a.m. and 7:30 a.m. on the day of the EGM, the EGM will be adjourned. The Company will post an announcement on the Company's website ([www.parksongroup.com.cn](http://www.parksongroup.com.cn)) and the HKEXnews website ([www.hkexnews.hk](http://www.hkexnews.hk)) to notify Shareholders of the date, time and place of the adjourned meeting.

The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.

- (6) In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (<https://spot-meeting.tricor.hk>) by using the personalised username and password provided in the notification letter sent by the Company on 13 October 2022 no later than 10 a.m. on Wednesday, 26 October 2022 (Hong Kong time).

Registered Shareholders are requested to provide a valid email address of his or her proxy (except appointment of the Chairman of the EGM) for the proxy to receive the login access code to participate online to the e-Meeting System.

However, given the special arrangements adopted by the Company as set out in the section headed "SPECIAL ARRANGEMENTS FOR THE EGM" of the circular (of which this notice forms part), the Company strongly encourages Shareholders to exercise their rights to participate and vote at the EGM via electronic facilities. If a shareholder (other than those who are required to attend the EGM physically to form a quorate meeting) wishes to vote on any resolution for the EGM by proxy, he/she/it should complete, sign and return the form of proxy accordingly.

### SPECIAL ARRANGEMENTS FOR THE EGM

The Company does not in any way wish to diminish the opportunity available to Shareholders to exercise their rights and to vote but is conscious of the need to protect EGM attendees from possible exposure to the COVID-19 pandemic. For the sake of health and safety of EGM attendees, the Company will adopt special arrangements for the EGM to minimise attendance in person, while still enabling Shareholders to participate, vote and ask questions. Details of the special arrangements for the EGM are set out below.

#### Attending the EGM by means of electronic facilities

The EGM will be a hybrid meeting. The EGM will be held with the minimum number of persons present as is required under the Articles of Association to form a quorate meeting, together with a limited number of other attendees to ensure the proper conduct of the meeting. The quorum will be formed by the senior management members and/or senior staff members of the Company who are Shareholders and/or their proxies to maintain an internal grouping and minimise the continuing risks posed by the COVID-19 pandemic at the EGM.

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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Given the above reasons, NO other Shareholder, proxy or corporate representative should attend the EGM in person. Other than those in the quorum and the limited number of other attendees to ensure the proper conduct of the meeting, any other person who attempts to do so will be excluded and will not be permitted entry to the venue of the EGM. The Company strongly encourages Shareholders to attend, participate and vote at the EGM through online access by visiting the e-Meeting System provided by Tricor Investor Services Limited, the Company's branch share registrar in Hong Kong. Shareholders participating in the EGM using the e-Meeting System will also be counted towards the quorum and they will be able to cast their votes and submit questions through the e-Meeting System.

The e-Meeting System permits a "split vote" on a resolution, in other words, a Shareholder casting his/her/its votes through the e-Meeting System does not have to vote all of his/her/its shares in the same way ("**For**" or "**Against**"). In the case of a proxy/corporate representative, he/she can vote such number of shares in respect of which he/she has been appointed as a proxy/corporate representative. Votes cast through the e-Meeting System are irrevocable once the votes have been cast. The e-Meeting System will be opened for registered Shareholders and non-registered Shareholders (see below for login details and arrangements) to log in approximately 30 minutes prior to the commencement of the EGM and can be accessed from any location with internet connection by a mobile phone, tablet or computer device. Shareholders should allow ample time to check into the e-Meeting System to complete the related procedures.

### **Registered Shareholders**

Registered Shareholders will be able to attend and participate the EGM, vote and submit questions online through the e-Meeting System. Each registered Shareholder's personalised username and password will be sent to him/her/it via a separate letter. Registered Shareholders who do not receive their personalised username and password by 10:00 a.m. on Thursday, 27 October 2022 may contact Tricor Investor Services Limited for assistance at +852 2980 1333 between 9:00 a.m. to 5:00 p.m. (on a business day) or by email to [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com).

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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### Non-registered Shareholders

Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through bank, stockbroker, custodians or Hong Kong Securities Clearing Company Limited (collectively the “**Intermediary**”) may also be able to attend the EGM, vote and submit questions online through the e-Meeting System. In this regard, they should:

- (i) contact and instruct their Intermediary to appoint themselves as proxy or corporate representative to attend the EGM; and
- (ii) provide their email address(es) to their Intermediary before the time limit required by the relevant Intermediary.

Details regarding the EGM arrangements including login details to access the e-Meeting System will be sent by the Company’s branch share registrar in Hong Kong, Tricor Investor Services Limited, to the email address(es) of the non-registered Shareholders provided by the Intermediary. Any non-registered Shareholder who has provided an email address through the relevant Intermediary for this purpose but has not received the login details by email by 10:00 a.m. on Thursday, 27 October 2022, should reach out to Tricor Investor Services Limited for assistance at +852 2980 1333 between 9:00 a.m. to 5:00 p.m. (on a business day) or by email to [is-enquiries@hk.tricorglobal.com](mailto:is-enquiries@hk.tricorglobal.com). Without the login details, non-registered Shareholders will not be able to participate and vote using the e-Meeting System. Non-registered Shareholders should therefore give clear and specific instructions to their Intermediary in respect of both (i) and (ii) above.

### Questions at the EGM

Shareholders attending and participating the EGM using the e-Meeting System will be able to submit questions relevant to the proposed resolution(s) online during the EGM. The Board and/ or the management will endeavour to address substantial and relevant questions in relation to the resolution(s) to be tabled for approval at the EGM and may decide, at their discretion, which questions to respond to.



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## NOTICE OF EXTRAORDINARY GENERAL MEETING

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### **Appointment of proxy**

Shareholders are strongly encouraged to submit their completed form of proxy and appoint the Chairman of the EGM as their proxy well in advance of the EGM. Return of a completed form of proxy will not preclude Shareholders from subsequently attending and voting by means of electronic facilities at the EGM or any adjournment thereof should they so wish. Shareholders are requested (a) to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding of the EGM or any adjournment thereof; or (b) submit the form of proxy electronically at <https://spot-emeeting.tricor.hk> in accordance with the instructions printed on the accompanying notification letter, in each case, as soon as possible and in any event not less than forty-eight (48) hours before the time appointed for holding of the EGM or any adjournment thereof. Registered Shareholders submitting the form of proxy are requested to provide a valid email address of his or her proxy (except appointment of the Chairman of the EGM) for the proxy to receive the username and password to participate in the online virtual meeting via the e-Meeting System. Due to the constantly evolving COVID-19 pandemic situation in Hong Kong, the Company may be required to change or adopt contingency plans for the EGM arrangements at short notice. Shareholders are advised to check the latest announcements published by the Company for future updates on the EGM arrangements.

### **Voting for the EGM**

Shareholders must note that attending the EGM (either in person or by proxy) through the e-Meeting System is a prerequisite for casting a vote through submission of their voting slips, failing which their voting slips will be rendered invalid, even if submitted. If Shareholders could not attend the EGM (either in person or by his/her/its proxy through the e-Meeting System), Shareholders are strongly encouraged to appoint the Chairman of the EGM as their proxy to vote on their behalf as referred to in the paragraph headed "Appointment of proxy" above.

Shareholders should note that only one device is allowed in respect of each set of login details. Please also keep the login details in safe custody for use at the EGM and do not disclose them to anyone else. Neither the Company nor its agents assume any obligation or liability whatsoever in connection with the transmission of the login details or any use of the login details for voting or otherwise.

*As at the date of this notice, 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 Datuk Koong Lin Loong.*