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

**MAJOR TRANSACTIONS:
SUPPLEMENTAL AGREEMENTS TO TENANCY AGREEMENTS IN
RESPECT OF PROPERTIES IN SHENYANG AND HARBIN, THE PRC**

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

A letter from the Board is set out on pages 4 to 21 of this circular.

Each of the transactions being the subject matter of this circular has been approved in writing by a closely allied group of Shareholders who together hold more than 50% of the voting rights of the Company which have been accepted in lieu of holding of a general meeting pursuant to the Listing Rules and this circular is being despatched to the Shareholders for information only.

26 July 2024

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DEFINITIONS

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

“Beijing Parkson”	means Parkson Retail Development Co., Ltd.* (百盛商業發展有限公司), a company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company.
“Board”	means the board of Directors.
“Company”	means Parkson Retail Group Limited 百盛商業集團有限公司, a company incorporated in the Cayman Islands.
“Directors”	means the directors of the Company.
“Group”	means the Company and its subsidiaries.
“Harbin International”	means Harbin International Company Limited, a company incorporated in Mauritius.
“Harbin Original Tenancy Agreement”	means the tenancy agreement in respect of the Harbin Property dated 10 October 2004 as amended and supplemented by agreement in writing from time to time.
“Harbin Property”	means relevant parts of Level LG1 to Level 6 of the building located at No. 222, Zhongyang Street, Daoli District, Harbin (哈爾濱市道裡區中央大街222號) (previously known as No. 167-217 Youyi Road, Daoli District, Harbin (哈爾濱市道裡區友誼路167-217號)), Heilongjiang Province, the PRC.
“Harbin Supplemental Agreement”	means the supplemental agreement to the Harbin Original Tenancy Agreement in respect of the Harbin Property entered into between Beijing Parkson and Harbin International on 6 June 2024.
“Harbin Tenancy”	means the tenancy for the Harbin Property as renewed pursuant to the Harbin Supplemental Agreement.
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong.
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC.

DEFINITIONS

“IFRS 16”	means the “International Financial Reporting Standards 16 – Leases” issued by the International Accounting Standards Board, which sets out the principles for the recognition, measurement, presentation and disclosure of leases.
“Latest Practicable Date”	means 23 July 2024, being the latest practicable date prior to the printing of this circular for ascertaining certain information for the purpose of inclusion in this circular.
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Model Code”	means the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules.
“MYR”	means Malaysian Ringgit, the lawful currency of Malaysia.
“PRC”	means the People’s Republic of China and, for the purposes of this circular only, excludes Hong Kong, Macau Special Administrative Region and Taiwan.
“Properties”	means collectively, the Shenyang Property and the Harbin Property.
“RMB”	means Renminbi, the lawful currency of the PRC.
“SCPG”	means SCPG Holdings Co., Ltd. (印力集團控股有限公司), a company incorporated in the Cayman Islands.
“SFO”	means the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).
“Shareholders”	means holders of the Shares.
“Shares”	means ordinary shares of nominal value of HK\$0.02 each in the capital of the Company.
“Shenyang Holding”	means Shenyang Holding Company Limited, a company incorporated in Mauritius.

DEFINITIONS

“Shenyang Original Tenancy Agreement”	means the tenancy agreement in respect of the Shenyang Property dated 14 November 2003 as amended and supplemented by agreement in writing from time to time.
“Shenyang Parkson”	means Shenyang Parkson Shopping Plaza Co., Ltd.* (瀋陽百盛購物廣場有限公司), a company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company.
“Shenyang Property”	means relevant parts of Level LG1 to Level 8 of the building located at No. 21, Zhonghua Road, Heping District, Shenyang (瀋陽市和平區中華路21號), Liaoning Province, the PRC.
“Shenyang Supplemental Agreement”	means the supplemental agreement to the Shenyang Original Tenancy Agreement in respect of the Shenyang Property entered into between Shenyang Parkson and Shenyang Holding on 6 June 2024.
“Shenyang Tenancy”	means the tenancy for the Shenyang Property as renewed pursuant to the Shenyang Supplemental Agreement.
“sq. m.”	means square metres.
“Supplemental Agreements”	means collectively, the Shenyang Supplemental Agreement and the Harbin Supplemental Agreement.
“Tenancies Renewal Transactions”	means the transactions relating to the renewal of the Shenyang Tenancy and the Harbin Tenancy.
“%”	means per cent.

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

LETTER FROM THE BOARD

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

Executive Directors:

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

Non-executive Director:

Dato' Sri Dr. Hou Kok Chung

Independent non-executive Directors:

Dato' Fu Ah Kiow
Mr. Yau Ming Kim, Robert
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26 July 2024

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTIONS:
SUPPLEMENTAL AGREEMENTS TO TENANCY AGREEMENTS IN
RESPECT OF PROPERTIES IN SHENYANG AND HARBIN, THE PRC**

1. INTRODUCTION

Reference is made to the Company's announcement dated 6 June 2024. The purpose of this circular is to provide you with, among other information, details of (i) the Shenyang Supplemental Agreement and the renewal of the Shenyang Tenancy, and (ii) the Harbin Supplemental Agreement and the renewal of the Harbin Tenancy.

LETTER FROM THE BOARD

2. RENEWAL OF THE SHENYANG TENANCY

The Board is pleased to announce that on 6 June 2024, Shenyang Parkson and Shenyang Holding had entered into the Shenyang Supplemental Agreement, pursuant to which the parties agreed to the terms of the renewed tenancy for the Shenyang Property, including the supplements and amendments to the Shenyang Original Tenancy Agreement. Prior to entering into the Shenyang Supplemental Agreement, Shenyang Parkson had been occupying the Shenyang Property as tenant for its retail business since 2003.

A summary of the principal terms of the renewed Shenyang Tenancy and other relevant information is as follows:

Date	:	6 June 2024
Parties	:	Tenant: Shenyang Parkson Landlord: Shenyang Holding
Property	:	Relevant parts of Level LG1 to Level 8 of the building located at No. 21, Zhonghua Road, Heping District, Shenyang (瀋陽市和平區中華路21號), Liaoning Province, the PRC
Total gross area	:	46,626 sq. m.
Tenancy term	:	10 years from 1 January 2025 to 31 December 2034
Rent and property fee	:	Amounts payable by Shenyang Parkson during the tenancy term comprise two parts: (i) fixed portion – fixed rent and fixed property fee (including tax); and (ii) percentage portion – 20% share of the profits before tax earned by Shenyang Parkson from its business operations at the Shenyang Property.

LETTER FROM THE BOARD

The fixed portions (including tax) are payable monthly in advance, and the annual sums for each calendar year during the tenancy term are as follows:

Year	Fixed rent (RMB)	Fixed property fee (RMB)	Total (RMB)
2025	23,522,738.64	6,477,261.36	30,000,000
2026	23,522,738.64	6,477,261.36	30,000,000
2027	23,522,738.64	6,477,261.36	30,000,000
2028	25,022,738.64	7,977,261.36	33,000,000
2029	25,022,738.64	7,977,261.36	33,000,000
2030	25,022,738.64	7,977,261.36	33,000,000
2031	26,522,738.64	9,477,261.36	36,000,000
2032	26,522,738.64	9,477,261.36	36,000,000
2033	30,522,738.64	9,477,261.36	40,000,000
2034	30,522,738.64	9,477,261.36	40,000,000

The percentage portions are payable annually for each calendar year. The amount payable shall be determined based on the audit report for each calendar year prepared by an internationally recognised accounting firm, which shall be provided by Shenyang Parkson to Shenyang Holding before the 30th of June of the following calendar year, and shall be paid by the 31st of July.

Deposit : RMB5,087,123.11, which is equivalent to the fixed rent amount for the final two months of the tenancy term.

LETTER FROM THE BOARD

If Shenyang Parkson fails to pay rent, property fee or any liquidated damages agreed between the parties or awarded upon arbitration for losses to Shenyang Holding or a third party caused by Shenyang Parkson's breach of the terms of the Shenyang Tenancy, Shenyang Holding shall be entitled to withhold or confiscate the deposit. In such case, at any time when the deposit amount has been deducted, upon Shenyang Holding's written notice, Shenyang Parkson shall replenish the deposit so that the total amount held by Shenyang Holding as deposit shall be the same as the agreed deposit sum.

Upon expiration of the tenancy term, provided that Shenyang Parkson has duly returned the Shenyang Property, paid all fees and performed its obligations in full, Shenyang Holding shall return the deposit to Shenyang Parkson in full without interest within 7 days.

- Use : Operation of department store (mainly), services such as (but not limited to) catering, entertainment, bars and cafes, beauty and hair salon, wedding services, in-store supermarket, bowling alley, fitness centre, billiard room, cinema, business activity centres, etc., and set up of offices and warehouse, under the name and brand of “百盛” and “PARKSON”.
- Right to sub-let : Shenyang Parkson has the right to sub-let part of the Shenyang Property provided that, among other conditions, the sub-let area shall not exceed 50% of the total gross area of the Shenyang Property.
- Renewal : If Shenyang Parkson wishes to further renew the Shenyang Tenancy, it shall serve a written request to Shenyang Holding at least six months prior to the expiration of the tenancy term, in which case, parties shall negotiate the terms of renewal.

LETTER FROM THE BOARD

In case of failure to reach agreement, the Shenyang Tenancy will be terminated upon expiration of the tenancy term and Shenyang Holding may then lease the Shenyang Property to a third party, provided that the terms and conditions of the lease with such third party may not be more favourable than those offered to Shenyang Parkson.

Termination : Both parties are entitled to terminate the Shenyang Tenancy with immediate effect by giving written notice to the other party in the following cases:

- (i) the other party's assets are seized or enforced against or there exists other judicial or administrative procedures that impairs the equity of the assets, resulting in inability to continue performing the terms of the tenancy;
- (ii) the other party enters into liquidation proceedings; or
- (iii) the other party ceases or is about to cease its business.

Shenyang Holding is entitled to terminate the Shenyang Tenancy with immediate effect by giving written notice to Shenyang Parkson in the following cases:

- (i) Shenyang Parkson delays payment of any amount or fees for more than 60 days; or
- (ii) Shenyang Parkson causes modification or destruction to the Shenyang Property's building structure, facilities and equipment without Shenyang Holding's consent, and fails to restore the same within 60 days of written notice from Shenyang Holding.

LETTER FROM THE BOARD

Shenyang Parkson is entitled to terminate the Shenyang Tenancy with immediate effect by giving written notice to Shenyang Holding, in the event of Shenyang Holding's breach of terms resulting in Shenyang Parkson's inability to enjoy exclusive rights to use the Shenyang Property, and Shenyang Holding fails to restore the same within 60 days of written notice from Shenyang Parkson, thereby resulting in Shenyang Parkson's inability to continue its overall business operations.

Shenyang Parkson is also entitled to terminate the Shenyang Tenancy after 31 December 2027 and prior to the expiration of the tenancy term in the event that Shenyang Parkson accumulates losses for two consecutive years totalling more than RMB15 million as confirmed by audit conducted by the parties jointly, provided that following such audit confirmation, Shenyang Parkson shall give Shenyang Holding six months' prior written notice for termination.

Renovations undertaking : Shenyang Parkson undertakes to invest a total sum of not less than RMB10 million for the renovation of the Shenyang Property and its facilities and equipment, which shall be completed before 31 December 2027.

Shenyang Parkson shall submit its renovation proposal to Shenyang Holding by 31 December 2024, and any renovations may only be carried out upon approval by Shenyang Holding, and must comply with laws and regulations of relevant national and local government departments.

3. RENEWAL OF THE HARBIN TENANCY

The Board is pleased to announce that on 6 June 2024, Beijing Parkson and Harbin International had entered into the Harbin Supplemental Agreement, pursuant to which the parties agreed to the terms of the renewed tenancy for the Harbin Property, including the supplements and amendments to the Harbin Original Tenancy Agreement. Prior to entering into the Harbin Supplemental Agreement, Beijing Parkson had been occupying the Harbin Property as tenant for its retail business since 2004.

LETTER FROM THE BOARD

A summary of the principal terms of the renewed Harbin Tenancy and other relevant information is as follows:

Date	:	6 June 2024
Parties	:	Tenant: Beijing Parkson Landlord: Harbin International
Property	:	Relevant parts of Level LG1 to Level 6 of the building located at No. 222, Zhongyang Street, Daoli District, Harbin (哈爾濱市道裡區中央大街222號) (previously known as No. 167-217 Youyi Road, Daoli District, Harbin (哈爾濱市道裡區友誼路167-217號)), Heilongjiang Province, the PRC
Total gross area	:	45,992.75 sq. m.
Tenancy term	:	10 years from 1 January 2025 to 31 December 2034
Rent and property fee	:	Amounts payable by Beijing Parkson during the tenancy term comprise two parts: (i) fixed portion – fixed rent and fixed property fee (including tax); and (ii) percentage portion – 20% share of the profits before tax earned by Beijing Parkson from its business operations at the Harbin Property.

The fixed portions (including tax) are payable monthly in advance, and the annual sums for each calendar year during the tenancy term are as follows:

Year	Fixed rent (RMB)	Fixed property fee (RMB)	Total (RMB)
2025	24,193,180.32	5,806,819.68	30,000,000
2026	24,193,180.32	5,806,819.68	30,000,000
2027	24,193,180.32	5,806,819.68	30,000,000
2028	25,693,180.32	7,306,819.68	33,000,000
2029	25,693,180.32	7,306,819.68	33,000,000
2030	25,693,180.32	7,306,819.68	33,000,000
2031	27,193,180.32	8,806,819.68	36,000,000
2032	27,193,180.32	8,806,819.68	36,000,000
2033	31,193,180.32	8,806,819.68	40,000,000
2034	31,193,180.32	8,806,819.68	40,000,000

LETTER FROM THE BOARD

The percentage portions are payable annually for each calendar year. The amount payable shall be determined based on the audit report for each calendar year prepared by an internationally recognised accounting firm, which shall be provided by Beijing Parkson to Harbin International before the 30th of June of the following calendar year, and shall be paid by the 31st of July.

Deposit : RMB5,198,863.39, which is equivalent to the fixed rent amount for the final two months of the tenancy term.

If Beijing Parkson fails to pay rent, property fee or any liquidated damages agreed between the parties or awarded upon arbitration for losses to Harbin International or a third party caused by Beijing Parkson's breach of the terms of the Harbin Tenancy, Harbin International shall be entitled to withhold or confiscate the deposit. In such case, at any time when the deposit amount has been deducted, upon Harbin International's written notice, Beijing Parkson shall replenish the deposit so that the total amount held by Harbin International as deposit shall be the same as the agreed deposit sum.

Upon expiration of the tenancy term, provided that Beijing Parkson has duly returned the Harbin Property, paid all fees and performed its obligations in full, Harbin International shall return the deposit to Beijing Parkson in full without interest within 7 days.

Use : Operation of department store (mainly), services such as (but not limited to) catering, entertainment, bars and cafes, beauty and hair salon, wedding services, in-store supermarket, bowling alley, fitness centre, billiard room, cinema, business activity centres, etc., and set up of offices and warehouse, under the name and brand of “百盛” and “PARKSON”.

LETTER FROM THE BOARD

Right to sub-let : Beijing Parkson has the right to sub-let part of the Harbin Property provided that, among other conditions, the sub-let area shall not exceed 50% of the total gross area of the Harbin Property.

Renewal : If Beijing Parkson wishes to further renew the Harbin Tenancy, it shall serve a written request to Harbin International at least six months prior to the expiration of the tenancy term, in which case, parties shall negotiate the terms of renewal.

In case of failure to reach agreement, the Harbin Tenancy will be terminated upon expiration of the tenancy term and Harbin International may then lease the Harbin Property to a third party, provided that the terms and conditions of the lease with such third party may not be more favourable than those offered to Beijing Parkson.

Termination : Both parties are entitled to terminate the Harbin Tenancy with immediate effect by giving written notice to the other party in the following cases:

- (i) the other party's assets are seized or enforced against or there exists other judicial or administrative procedures that impairs the equity of the assets, resulting in inability to continue performing the terms of the tenancy;
- (ii) the other party enters into liquidation proceedings; or
- (iii) the other party ceases or is about to cease its business.

Harbin International is entitled to terminate the Harbin Tenancy with immediate effect by giving written notice to Beijing Parkson in the following cases:

- (i) Beijing Parkson delays payment of any amount or fees for more than 60 days; or

LETTER FROM THE BOARD

- (ii) Beijing Parkson causes modification or destruction to the Harbin Property's building structure, facilities and equipment without Harbin International's consent, and fails to restore the same within 60 days of written notice from Harbin International.

Beijing Parkson is entitled to terminate the Harbin Tenancy with immediate effect by giving written notice to Harbin International, in the event of Harbin International's breach of terms resulting in Beijing Parkson's inability to enjoy exclusive rights to use the Harbin Property, and Harbin International fails to restore the same within 60 days of written notice from Beijing Parkson, thereby resulting in Beijing Parkson's inability to continue its overall business operations.

Beijing Parkson is also entitled to terminate the Harbin Tenancy after 31 December 2027 and prior to the expiration of the tenancy term in the event that Beijing Parkson accumulates losses for two consecutive years totalling more than RMB15 million as confirmed by audit conducted by the parties jointly, provided that following such audit confirmation, Beijing Parkson shall give Harbin International six months' prior written notice for termination.

Renovations undertaking : Beijing Parkson undertakes to invest a total sum of not less than RMB10 million for the renovation of the Harbin Property and its facilities and equipment, which shall be completed before 31 December 2027.

Beijing Parkson shall submit its renovation proposal to Harbin International by 31 December 2024, and any renovations may only be carried out upon approval by Harbin International, and must comply with laws and regulations of relevant national and local government departments.

LETTER FROM THE BOARD

4. BASIS FOR DETERMINATION OF THE RENT AND OTHER INFORMATION

The terms of the Supplemental Agreements (including rent and property fees) were determined after arm's length negotiations between the respective landlords and tenants of the Shenyang Tenancy and the Harbin Tenancy, with reference to the prevailing market rates for properties of similar nature (i.e. leased to a single anchor brand similar to Parkson) in the same area to the Shenyang Property and the Harbin Property, respectively, as adjusted based on differences in several aspects such as location and environment, age and maintenance, size, decoration standard, floors and other physical characteristics.

The Board has mainly considered the valuation report for the properties prepared by an independent property valuer set out in Appendix II to this circular and the usual market practices of industry peers in respect of tenancies of similar scale and length to the renewed Shenyang Tenancy and Harbin Tenancy. In the valuation report, comparable properties for the Shenyang Property include multi-storey shopping malls located in Heping District, where the Shenyang Property is located, and the neighbouring Shenhe District. Comparable properties for the Harbin Property include multi-storey shopping malls located in Xiangfang District and Nangang District, two of the other few metropolitan districts in Harbin. The Board considers that while there may be some differences between the comparable properties and the Shenyang Property and Harbin Property, in particular in terms of size, floors and exact location, the adjustment ranges adopted by the independent property valuer are reasonable. The rental comparables evaluated by the independent property valuer involve fixed rent arrangements only and not varying rent.

In determining the rental terms under the renewed Shenyang Tenancy and Harbin Tenancy, the Company has considered a number of factors. According to the Company's calculation of the estimated total rent (comprising fixed rent and varying rent as estimated by the Company) under the renewed tenancies of both of the Shenyang Tenancy and Harbin Tenancy, the total rent for the calendar year 2025 under both renewed tenancies are within a range of around $\pm 3\%$ of the market rent as at 30 April 2024 as evaluated by the independent property valuer, which the Board considers to be not a significant sum. The estimated varying rents are derived based on historical data and future projections taking into account several factors, including but not limited to revenue trends, foot traffic patterns, seasonality, renovation and re-branding plans, etc. The fixed rent amounts for both renewed tenancies increase incrementally every two to three years throughout the 10-year tenancy term, which the Board considers to be common market practice with reference to the market peers' usual practice and the Company's own experiences as a market player. The Board also considers the varying rent portion involving profit sharing of 20% by Shenyang Parkson and Beijing Parkson with their respective landlords that has been concluded after arm's length negotiation to be common market practice considering the compound growth rate of the estimated total rent (comprising fixed rent and varying rent) under both renewed tenancies during the tenancy term is approximately 3%, which is within the range of 3% to 5% of the historical rental growth level in the Company's industry. In light of the above, coupled with the anticipated economic recovery in the PRC and renovations and upgrades to be carried out for both properties, which are expected to bring business growth to the Shenyang Property and

LETTER FROM THE BOARD

Harbin Property, the Board is of the view that the rental amounts under both the renewed Shenyang Tenancy and Harbin Tenancy are fair and reasonable and in the interest of the Company and Shareholders as a whole.

The renovation undertaking amount of no less than RMB10 million for each of the Shenyang Property and the Harbin Property were determined after arm's length negotiations between the respective landlords and tenants of the Shenyang Tenancy and the Harbin Tenancy, with reference to the preliminary cost budgets evaluated and prepared by relevant experienced personnel of the Group based on the existing renovation plans for the Shenyang Property and the Harbin Property, and experiences from the operation of and renovations undertaken for other shopping malls and department stores by the Group.

Based on the current budgets prepared by the Group, the key cost items for both the Shenyang Property and the Harbin Property would include (i) upgrading and renovating the properties' exterior facade and entrance image; (ii) renovating certain floors and public areas (including the demolition of original structures and decorations, new design and construction, and the upgrading of related fire protection facilities and equipment); and (iii) updating of electrical facilities and equipment. The allocation of the estimated budget for the Shenyang Property for cost items (i), (ii) and (iii) is approximately RMB3.60 million, RMB5.95 million and RMB0.50 million respectively, totaling approximately RMB10.05 million. The allocation of the estimated budget for the Harbin Property for cost items (i), (ii) and (iii) is approximately RMB0.75 million, RMB8.17 million and RMB1.49 million respectively, totaling approximately RMB10.41 million. Based on previous renovation projects of similar nature and scope undertaken by the Group, the renovation costs incurred were in the same range.

In light of the above, the Board is of the view that the rent, property fees and renovation fees under the Supplemental Agreements are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The rent, property fees, renovation fees and other amounts payable by Shenyang Parkson and Beijing Parkson under the Shenyang Tenancy and the Harbin Tenancy respectively are expected to be financed by the internal resources of the Group.

5. INFORMATION ON THE PARTIES

5.1 The Group, Shenyang Parkson and Beijing Parkson

The principal activities of the Group are the operation and management of a network of department stores, shopping malls, outlets and supermarkets mainly in the PRC.

Shenyang Parkson and Beijing Parkson are indirect wholly-owned subsidiaries of the Company. Shenyang Parkson is principally engaged in the operation of department store, whilst Beijing Parkson is principally engaged in the operation of department store and shopping mall.

LETTER FROM THE BOARD

5.2 Shenyang Holding and Harbin International

Both Shenyang Holding and Harbin International are companies established in Mauritius, and principally engaged in the business of property leasing. Shenyang Holding and Harbin International are both indirect wholly-owned subsidiaries of SCPG, which is principally engaged in the business of investment, development and operational management of shopping centres. SCPG is an associated company of China Vanke Co., Ltd.* (萬科企業股份有限公司) (“**China Vanke**”), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Stock Exchange (stock code: 2202) and is the commercial property development and operation capability platform under China Vanke.

To the best knowledge and belief of the Directors, SCPG was acquired through a joint acquisition platform formed by China Vanke with cooperation partners in 2016, and there has been no changes to its shareholding structure since then. According to China Vanke’s announcement dated 21 August 2016, upon completion of said acquisition, SCPG was held as to 96.55% by Vanke Rainbow Purchaser Limited, which was wholly-owned by Vanke Rainbow Partnership, LP, an investment fund, which was in turn held as to 26.14% by Vanke Rainbow Investment Partner I Limited (“**LP I**”), 63.86% by Vanke Rainbow Investment Partner II Limited (“**LP II**”) and 10% by Vanke Rainbow Partnership GP Limited (“**GP**”). LP I was wholly-owned by Vanke Rainbow Holding Limited (“**Vanke SPV**”), an indirect wholly-owned subsidiary of China Vanke. LP II was held as to 50% by Vanke SPV and 50% by a wholly-owned subsidiary of CMB International Capital Corporation Limited. GP was held as to 40% by Vanke SPV and 60% by two other shareholders.

To the best knowledge and belief of the Directors, and having made all reasonable enquiries, both Shenyang Holding and Harbin International, and their ultimate owners are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules).

6. REASONS FOR AND BENEFITS OF THE TENANCIES RENEWAL TRANSACTIONS AND ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

The Group has been operating and managing its department stores in Shenyang and Harbin for more than 20 years, where the Group has gained good reputation and market recognition. Both department stores have accumulated numerous brands, customers, government and other resources, which has facilitated the Group’s establishment of a solid foundation for its business in Shenyang and Harbin. Shenyang and Harbin are both important provincial capital cities in Northeast China in which enterprises establish their business operations. The Group’s existing department stores in these two cities therefore have great strategic significance, acting as bridgeheads and incubators for the Group’s continuous development in Northeast China.

LETTER FROM THE BOARD

While business had suffered in the past few years, the Board considers that there is continuous growth potential of both Shenyang and Harbin, and the surrounding areas of both the Shenyang Property and the Harbin Property. Shenyang and Harbin are, respectively, the largest and second largest cities in Northeast China, with large populations, high GDP, and strong consumer willingness and purchasing power.

The Shenyang Property is located in the main commercial district of the historically significant Heping District, adjacent to a train station and metro station, enjoying the advantages of convenient transportation and high foot traffic. The Shenyang municipal government is actively promoting the renovation and upgrading of the old town in Heping District. The surrounding commercial area of the Shenyang Property is being developed with the aim to create a new urban landmark, with trendy nightlife spots, integrating new business formats like internet-famous foods and cultural and creative derivative products.

Starting from 2023, the Harbin municipal government has prioritised tourism as a key industry for development, including winter snow and ice tours, summer concerts, beer festivals and other cultural activities. These events are all held in the area where the Harbin Property is located.

In light of the foregoing, the Board believes that the existing department stores at the Shenyang Property and the Harbin Property will continue to play an important role in generating stable revenue and maintaining the Group's market recognition in the PRC. The Group has experienced and stable management teams for both properties. Upon completion of the Tenancies Renewal Transactions, the Group will work on upgrading the public image and adjusting the brand portfolio of both the Shenyang Property and the Harbin Property, leveraging their unique characteristics to better serve customers. The Board believes that the renewed Shenyang Tenancy and Harbin Tenancy will continue to have positive impact on the future development of the Group.

The Board is of the view that the terms of the Supplemental Agreements and the renewed Shenyang Tenancy and the Harbin Tenancy, each taken as a whole respectively, are fair and reasonable, and also having taken into account the above reasons and benefits, considers that the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements are in the interests of the Company and the Shareholders as a whole.

LETTER FROM THE BOARD

7. FINANCIAL EFFECTS OF ENTERING INTO THE SUPPLEMENTAL AGREEMENTS

Pursuant to IFRS 16, the Group is required to recognise both the Shenyang Property and the Harbin Property as right-of-use assets. Upon commencement of the renewed tenancy term of the Shenyang Tenancy, the Group will recognise the right-of-use asset of approximately RMB150.3 million, and a lease liability amounting to approximately RMB150.3 million. Upon commencement of the renewed tenancy term of the Harbin Tenancy, the Group will recognise the right-of-use asset of approximately RMB154.3 million, and a lease liability amounting to approximately RMB154.3 million.

Set out below is the accounting treatment of the Group in relation to the right-of-use assets in respect of both the Shenyang Property and the Harbin Property.

Each of the right-of-use assets are initially measured at the amount of the lease liability plus any initial direct costs incurred by the respective tenants. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After commencement, the respective tenants shall measure the right-of-use asset using a cost model, unless:

- i) the right-of-use asset is an investment property and the relevant tenant fair values its investment property under IAS 40; or
- ii) the right-of-use asset relates to a class of plant, property and equipment (“PPE”) to which the relevant tenant applies IAS 16’s revaluation model, in which case all right-of-use asset relating to that class of PPE can be revalued.

Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. A lease liability is initially measured at the present value of the rent payable over the relevant lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the relevant tenant shall use their incremental borrowing rate.

Pursuant to IFRS 16, the Group will recognise the depreciation charge for the right-of-use assets over the useful life on a straight-line basis, and interest expense on the lease liabilities in profit or loss for both the Shenyang Property and the Harbin Property. The annual depreciation amount for the Shenyang Property and Harbin Property is approximately RMB15.0 million and RMB15.4 million respectively. For the percentage portion of the rent, i.e. varying rent, payable by the Group will be recognised as expenses incurred by the Group.

LETTER FROM THE BOARD

8. LISTING RULES IMPLICATIONS

8.1 Shenyang Supplemental Agreement

Pursuant to IFRS 16, the Group is required to recognise the Shenyang Property as a right-of-use asset, and the entering into of the Shenyang Supplemental Agreement as an acquisition of asset under the Listing Rules. The consideration for the acquisition of the right-of-use asset recognised by the Group is approximately RMB150.3 million calculated with reference to the present value of the rent under the renewed Shenyang Tenancy as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the renewed tenancy term.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is more than 25% but less than 100%, the transaction relating to the renewal of the Shenyang Tenancy and the entering into of the Shenyang Supplemental Agreement constitute a major transaction of the Company, and are therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The same is the case when the percentage ratios are calculated with reference to the consideration recognised by the Group plus the renovation undertaking amount of RMB10 million under the Shenyang Supplemental Agreement.

8.2 Harbin Supplemental Agreement

Pursuant to IFRS 16, the Group is required to recognise the Harbin Property as a right-of-use asset, and the entering into of the Harbin Supplemental Agreement as an acquisition of asset under the Listing Rules. The consideration for the acquisition of the right-of-use asset recognised by the Group is approximately RMB154.3 million calculated with reference to the present value of the rent under the renewed Harbin Tenancy as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the renewed tenancy term.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is more than 25% but less than 100%, the transaction relating to the renewal of the Harbin Tenancy and the entering into of the Harbin Supplemental Agreement constitute a major transaction of the Company, and are therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules. The same is the case when the percentage ratios are calculated with reference to the consideration recognised by the Group plus the renovation undertaking amount of RMB10 million under the Harbin Supplemental Agreement.

LETTER FROM THE BOARD

8.3 Aggregation not required

As mentioned above, Shenyang Holding and Harbin International are connected to one another as they share the same ultimate owner, and therefore fall under Rule 14.23(1) of the Listing Rules, being a factor that the Stock Exchange will take into account in determining whether transactions shall be aggregated. Nonetheless, none of the other factors set out in Rule 14.23 of the Listing Rules apply, and the transactions contemplated under the Shenyang Supplemental Agreement and the Harbin Supplemental Agreement are not required to be aggregated and treated as if they are one transaction for the following reasons:

- (i) The Shenyang Property and the Harbin Property are located in different cities and do not form part of the same asset. The Supplemental Agreements are not connected or related in substance and the terms are not inter-conditional.
- (ii) The renewed Shenyang Tenancy and the renewed Harbin Tenancy are not made under a master agreement. The Supplemental Agreements were negotiated and concluded at the same time only because the original tenancy terms of the Shenyang Tenancy and the Harbin Tenancy are expiring at the same time.
- (iii) The Group has been occupying and operating its department store business at both the Shenyang Property and the Harbin Property for more than 20 years, and there are no new business activities arising from the Supplemental Agreements.

8.4 Written approval of closely allied group of Shareholders

To the best of the knowledge of the Directors, no Shareholder or any of their respective associates has any material interest in the Shenyang Tenancy, the Harbin Tenancy or either of the Supplemental Agreements. Accordingly, none of the Shareholders are required to abstain from voting in favour of the resolutions to approve the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements.

A closely allied group of Shareholders interested in an aggregate of 1,448,270,000 Shares, representing approximately 54.97% of the total number of issued shares of the Company, had given its written approval on the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements. The written approval of the aforesaid group of Shareholders had been accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

LETTER FROM THE BOARD

The aforesaid Shareholders are (i) East Crest International Limited which holds 9,970,000 Shares, representing 0.38% of the total number of issued shares of the Company; and (ii) PRG Corporation Limited which holds 1,438,300,000 Shares, representing 54.59% of the total number of issued shares of the Company. PRG Corporation Limited is a wholly-owned subsidiary of East Crest International Limited.

9. RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that the terms of the Supplemental Agreements and the renewed Shenyang Tenancy and Harbin Tenancy, each taken as a whole respectively, are fair and reasonable, and also having taken into account the above reasons and benefits, consider that the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements are in the interests of the Company and the Shareholders as a whole.

Had a special general meeting been convened for the approval of the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements, the Directors, including the independent non-executive Directors, would have recommended the Shareholders to vote in favour of the same.

10. FURTHER INFORMATION

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

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

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2023, 2022 and 2021 are disclosed in the following documents which have been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.parksongroup.com.cn), and can be accessible by the links as follows:

- annual report of the Company for the year ended 31 December 2023 (pages 103 to 260)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0410/2024041000319.pdf>
- annual report of the Company for the year ended 31 December 2022 (pages 100 to 260)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0413/2023041300920.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>

2. STATEMENT OF INDEBTEDNESS**Borrowings**

As at the close of business on 31 May 2024, being the latest practicable date for the purpose of this statement of indebtedness, the Group had aggregate outstanding secured interest-bearing borrowings of approximately RMB2,480 million.

Bank borrowings denominated in HK\$ of approximately RMB2,244 million bear a floating interest rate of 2.20% per annum over HIBOR. Bank borrowings denominated in MYR of approximately RMB236 million bear a floating interest rate of 3.25% per annum over KILBOR.

As at 31 May 2024, the Group's bank borrowings are secured by (i) mortgages over the Group's investment property, which had a net carrying amount of approximately RMB536 million; (ii) mortgages over the Group's buildings, which had a net carrying amount of approximately RMB1,352 million; (iii) mortgages over the Group's leasehold land, which had an aggregate carrying amount of approximately RMB313 million; and (iv) the pledge of trade receivables of approximately RMB397 million and unrealised receivables of approximately RMB93 million which will be due within 48 months.

As at 31 May 2024, items (i), (ii), (iii) are provided to secure the Group's bank borrowings denominated in HK\$, and item (iv) is provided to secure the Group's bank borrowings denominated in MYR.

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

Lease Liabilities

As at 31 May 2024, the Group had current and non-current lease liabilities of approximately RMB566 million and RMB2,244 million, respectively, of which approximately RMB1,564 million were secured by rental deposits of approximately RMB85 million, and others were unsecured and unguaranteed.

General

Save as aforesaid and any apart from intra-group liabilities, 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, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 31 May 2024.

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 May 2024.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Group's available financial resources including internally generated cash flows, credit facilities 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.

The Company has received confirmation letters from the Company's auditors confirming that (i) in their opinion, the above statement as to the sufficiency of working capital has been made by the Directors after due and careful enquiry; and (ii) the persons or institutions providing finance have confirmed in writing the existence of such facilities as of 31 May 2024 that are shown to be require by the Company's working capital forecast.

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 and supermarkets.

The world economy is still in a state of slow recovery with insufficient growth momentum, facing multiple pressures and challenges, such as the continued impact of post-COVID pandemic era, the risk of inflation, expectations of tighter monetary policy, technological innovation breakthroughs accelerating industrial transformation etc. In addition, international political instability and geopolitical tensions have also added uncertainties to economic development.

These significant challenges have led to consumption segmentation, consumer stratification and changes in consumption pattern, resulting in slower than expected recovery in consumer spending. In 2023, PRC macroeconomics have seen many twists and turns, and the current economy has not recovered to pre-pandemic levels.

Nevertheless, the PRC economy is expected to stabilise in 2024 with policies geared towards economic recovery, and the Group remains optimistic about the prospects of the overall retail market in the PRC in 2024. With the future development of the PRC's economy, and continuous increase in urbanization rate and improvement of people's living standards, consumption will remain a leading driver of the PRC's economic growth in the future.

Looking ahead, the Group is well-positioned to capture growth opportunities in markets that it is very familiar with, and will continue to seek opportunities to grow its pipeline of potential new retail stores across the PRC. The Group will closely monitor the post-COVID pandemic changes in consumption behavior, actively review market trends, study customer needs, expand product categories, 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 the PRC.

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

The following is the text of a letter, summary of valuations 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 the rental value of the properties to be leased to the Group, as at 30 April 2024.



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

26 July 2024

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

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions of Parkson Retail Group Limited (the “**Company**”) for us to provide our opinion of the market rents of the properties to be leased to Shenyang Parkson Shopping Plaza Co., Ltd. (瀋陽百盛購物廣場有限公司) and Parkson Retail Development Co., Ltd. (百盛商業發展有限公司), indirect wholly-owned subsidiaries of the Company, (collectively the “**Group**”) in the People’s Republic of China (the “**PRC**”) (as more particularly described in the attached valuation report), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of market rents of the properties as at 30 April 2024 (the “**Valuation Date**”).

Valuation Basis

Our valuation of each of the properties represents its market rent which in accordance with HKIS Valuation Standards 2020 published by the Hong Kong Institute of Surveyors (“**HKIS**”) is defined as “the estimated amount for which an interest in real properties should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm’s length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion”.

We confirm that the valuations are undertaken in accordance 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.

Valuation Assumption

Our valuation of each of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

Our valuation of each property has been made on the assumption that the lessor leases or lets the property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the property.

Unless otherwise stated, our valuation of each of the properties is on a 100% interest basis.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor for any expenses or taxation which may be incurred in effecting a letting.

Unless otherwise stated, it is assumed that each of the properties is free from encumbrances, restrictions and onerous nature which could affect its market rent.

Method of Valuation

In valuing the properties, we have adopted Market Comparison Method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidences of similar properties to compare with the properties under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the properties and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the properties.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the properties, tenancy information, particulars of occupancy, site and floor area and all other relevant matters.

In the course of our valuation of the properties, we have also relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, DEHEHANTONG LAW OFFICES (德禾翰通律師事務所), regarding the title to the properties and the interest in the properties.

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

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration in 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 with the copies of title documents relating to the properties in the PRC. We have not been able to conduct title searches and have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group regarding the interests of the Group in the properties in the PRC.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and its legal adviser in respect of the title to the properties in the PRC.

In valuing the properties, we have assumed that the owner of each property has an enforceable title to the property and has free and uninterrupted rights to use, occupy, assign or lease the property for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copy of relevant documents provided by the Company are true and accurate.

Site Inspection

Our valuers, Smart Tian (CIREA, 20 years' experience of property valuation) and Fiona Sun (CIREA, 10 years' experience of property valuation), of our Shenyang office, inspected the exterior and, wherever possible, the interior of the properties in Shenyang and Harbin on 15 May 2024 and 8 May 2024 respectively. 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 are 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 areas 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 monetary sums stated in our valuations are in Renminbi (“RMB”), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations 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.

Intended Use and User of Report

This valuation report is issued only for the use of the Company for incorporation into its circular.

We enclose herewith a summary of valuations and our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace S.M. Lam
MHKIS, MRICS, RPS(GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace S.M. Lam is a member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuations competently.

Summary of Valuations

Properties to be leased to the Group in the PRC		Market rent in existing state as at 30 April 2024 (RMB)
1.	Relevant parts of Level LG1 to Level 8 of the building known as Shenyang Parkson Department Store located at No. 21 Zhonghua Road, Heping District, Shenyang, Liaoning Province, the PRC (中華人民共和國遼寧省瀋陽市和平區中華路21號瀋陽百盛百貨公司大樓地下一層至八層部分).	23,700,000 (Note)
2.	Relevant parts of Level LG1 to Level 6 of the building known as Harbin Parkson Department Store located at No. 222 Zhongyang Avenue, Daoli District, Harbin, Heilongjiang Province, the PRC (中華人民共和國黑龍江省哈爾濱市道裡區中央大街222號哈爾濱百盛百貨公司大樓地下一層至六層部分).	24,300,000 (Note)

Note: Market rent per year for the first term, inclusive of value-added tax (“VAT”) but exclusive of building management fee.

VALUATION REPORT

Properties to be leased to the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 April 2024
1. Relevant parts of Level LG1 to Level 8 of the building known as Shenyang Parkson Department Store located at No. 21 Zhonghua Road, Heping District, Shenyang, Liaoning Province, the PRC (中華人民共和國遼寧省瀋陽市和平區中華路21號瀋陽百盛百貨公司大樓地下一層至八層部分).	Shenyang Parkson Department Store is an 8-storey plus 1 basement level commercial building erected on a parcel of land of 15,072.00 sq.m. According to the information provided by the Company, the property was completed in 2003 and has a total leasable area of 46,626 sq.m. The property is located at No. 21 Zhonghua Road, Heping District, Shenyang City. The property is just 400 metres away from the Shenyang Railway Station and Shenyang Railway Station of Metro Line No. 1. Developments nearby are mainly commercial blocks. The land use rights of the property have been granted for a term due to expire on 7 June 2042 for commercial use.	As at the Valuation Date, the property was operated as a department store.	RMB23,700,000 (TWENTY THREE MILLION AND SEVEN HUNDRED THOUSAND) per year for the first term, inclusive of VAT but exclusive of building management fee (Please see Note 1 below)

Notes:

- (1) The rental valuation is conducted subject to the following terms already agreed between the landlord and the tenant:

Property:	Relevant parts of Level LG1 to Level 8 of the building known as Shenyang Parkson Department Store located at No. 21 Zhonghua Road, Heping District, Shenyang, Liaoning Province, the PRC (中華人民共和國遼寧省瀋陽市和平區中華路21號瀋陽百盛百貨公司大樓地下一層至八層部分).
Total Leasable Area:	46,626 sq.m.

Lease Term:	1 January 2025 to 31 December 2034		
Annual Rent for 1st Year:	Fixed rent, inclusive of VAT but exclusive of building management fee		
Rent Payable*:	Annual rent payable inclusive of VAT but exclusive of building management fee		
	Years	management fee	Growth rate
	1-3	First fixed amount	–
	4-6	Second fixed amount	6.38% of Year 3 rent
	7-8	Third fixed amount	5.99% of Year 6 rent
	9-10	Fourth fixed amount	15.08% of Year 8 rent

* *In assessing the rental value of the property, we have made the assumption that the VAT rates remain unchanged throughout the lease period. Pursuant to the prescribed terms set out above, our opinion of the annual rent of Year 1 is RMB23,700,000, inclusive of VAT but exclusive of building management fee, at a fixed amount without varying rent, turnover rent or rental incentive.*

- (2) According to State-owned Land Use Rights Certificate No. (2006)0075 issued by the Shenyang Municipal Land Resources Bureau on 20 March 2006, the land use rights of the property, comprising a site area of 15,072.00 sq.m., have been vested in Shenyang Holding Company Limited (瀋陽控股有限責任公司) for a term due to expire on 7 June 2042 for commercial use.
- (3) According to Building Ownership Certificate No. 11896 issued by the Shenyang Housing Administration Bureau (瀋陽市房產管理局) on 16 December 2005, the building ownership of an enlarged property including the property, with a total gross floor area of 57,464.89 sq.m., has been vested in Shenyang Holding Company Limited (瀋陽控股有限責任公司).

As advised by the Company, the property is part of the aforesaid gross floor area.

- (4) We have adopted Market Comparison Method by identifying relevant rental comparables in the nearby developments. Comparable properties are selected based on the following criteria: (i) the lease of comparable properties took place in 2023 and 2024; (ii) comparable properties are located in Shenyang; (iii) the nature of the comparable properties is similar to the property (i.e. leased to a single anchor brand similar to Parkson). We have examined the current market and the rental comparables identified by us are considered exhaustive based on the above criteria. The unit monthly rent of the retail comparables range from RMB38 to RMB51 per month per sq. m., inclusive of VAT.

Rental Comparable	Leased Area (sq.m.)	Unit Rent (RMB/sq.m./month)
1. A four-storey shopping mall (levels 1-4) in Heping District	4,000	46
2. A four-storey shopping mall (levels 1-4) in Shenhe District	1,980	38
3. A eight-storey shopping mall (levels 1-8) in Shenhe District	2,400	51

The rental comparables are available from our internal proprietary database, hence building names are not disclosed as restricted by confidential agreements to third parties.

In arriving at the key assumptions, appropriate adjustments and analysis are considered to reflect the differences in several aspects, including but not limited to location, size, floor and other physical characteristics between the property and the comparable properties. The general basis of adjustment is that if the property is similar to the comparable properties, no adjustment is necessary. If the property is better than the comparable properties, an upward adjustment is made. Alternatively, if the property is inferior to or less desirable than the comparable properties, a downward adjustment is made.

The major adjustments include but not limited to:

Adjustment	Range
Transaction Status	-3%
Location & Environment	-5% to +10%
Accessibility	0% to +5%
Age & Maintenance	0% to +5%
Size	-10%
Building Facilities	+2% to +4%
Decoration Standard	+8% to +10%
Level	-12% to +2%

We have assigned equal weighting to the three comparables after due adjustments. As a result, we have adopted a unit market rent of RMB42.30 per sq.m. per month for a total leasable area of 46,626 sq.m., equivalent to a sum of approximately RMB1,972,000 per month inclusive of VAT but exclusive of building management fee for the first year.

Based on our independent adjustments of the rental comparables as mentioned above, we are of the view that our opinion of the market rent of the property is fair and reasonable.

- (5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (a) Shenyang Holding Company Limited (瀋陽控股有限責任公司) is the legal owner of the property;
 - (b) The property is subject to a mortgage in favour of CMB Wing Lung Bank Limited (招商永隆銀行有限公司); and
 - (c) Shenyang Holding Company Limited (瀋陽控股有限責任公司) has the right to legally possess, use, lease, benefit from and otherwise dispose of the property. However, the exercise of the above rights is subject to the agreement between Shenyang Holding Company Limited (瀋陽控股有限責任公司) and the mortgagee.

VALUATION REPORT

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 30 April 2024
2. Relevant parts of Level LG1 to Level 6 of the building known as Harbin Parkson Department Store located at No. 222 Zhongyang Avenue, Daoli District, Harbin, Heilongjiang Province, the PRC (中華人民共和國黑龍江省哈爾濱市道裡區中央大街222號哈爾濱百盛百貨公司大樓地下一層至六層部分).	<p>Harbin Parkson Department Store is a 6-storey plus 1 basement level commercial building erected on a parcel of land of 42,498.60 sq.m.</p> <p>According to the information provided by the Company, the property was completed in 2004 and has a total leasable area of 45,992.75 sq.m.</p> <p>The property is located at Zhongyang Avenue, Daoli District, Harbin City. Developments nearby are mainly commercial blocks.</p> <p>The land use rights of the property have been granted for a term due to expire on 19 July 2043 for commercial use.</p>	As at the Valuation Date, the property was operated as a department store.	<p>RMB24,300,000</p> <p>(TWENTY FOUR MILLION AND THREE HUNDRED THOUSAND)</p> <p>per year for the first term, inclusive of VAT but exclusive of building management fee</p> <p>(Please see Note 1 below)</p>

Notes:

- (1) The rental valuation is conducted subject to the following terms already agreed between the landlord and the tenant:

Property:	Relevant parts of Level LG1 to Level 6 of the building known as Harbin Parkson Department Store located at No. 222 Zhongyang Avenue, Daoli District, Harbin, Heilongjiang Province, the PRC (中華人民共和國黑龍江省哈爾濱市道裡區中央大街222號哈爾濱百盛百貨公司大樓地下一層至六層部分).
Total Leasable Area:	45,992.75 sq.m.
Lease Term:	1 January 2025 to 31 December 2034
Annual Rent for 1st Year:	Fixed rent, inclusive of VAT but exclusive of building management fee

Rent Payable*:	Annual rent payable inclusive of VAT but exclusive of building management fee		
	Years		Growth rate
	1-3	First fixed amount	–
	4-6	Second fixed amount	6.20% of Year 3 rent
	7-8	Third fixed amount	5.84% of Year 6 rent
	9-10	Fourth fixed amount	14.71% of Year 8 rent

* In assessing the rental value of the property, we have made the assumption that the VAT rates remain unchanged throughout the lease period. Pursuant to the prescribed terms set out above our opinion of the annual rent of Year 1 is approximately RMB24,300,000, inclusive of VAT but exclusive of building management fee, at a fixed amount without varying rent, turnover rent or rental incentive.

(2) According to State-owned Land Use Rights Certificate No. (2006)3022 issued by the Harbin Municipal People's Government on 22 May 2006, the land use rights of the property, comprising a site area of 42,498.60 sq.m., have been vested in Harbin International Company Limited (哈爾濱國際有限責任公司) for a term due to expire on 19 July 2043 for commercial use.

(3) According to Building Ownership Certificate No. 0501025346 issued by the Harbin Real Estate and Housing Bureau (哈爾濱市房產住宅局) on 4 November 2005, the building ownership of a total gross floor area of 40,509.05 sq.m. has been vested in Harbin International Company Limited (哈爾濱國際有限責任公司).

According to Real Estate Ownership Certificate No. 0084047 issued by the Harbin Natural and Resource Planning Bureau (哈爾濱市自然與資源規劃局) on 20 July 2022, the building ownership of a total gross floor area of 22,369.57 sq.m. of underground carpark on level -1 of the property has been vested in Harbin International Company Limited (哈爾濱國際有限責任公司).

As advised by the Company, the property is part of the aforesaid gross floor areas.

(4) We have adopted Market Comparison Method by identifying relevant rental comparables in the nearby developments. Comparable properties are selected based on the following criteria: (i) the lease of comparable properties took place in 2023 and 2024; (ii) comparable properties located in Harbin; (iii) the nature of the comparable properties is similar to the property (i.e. leased to a single anchor brand similar to Parkson). We have examined the current market and the rental comparables identified by us are considered exhaustive based on the above criteria. The unit monthly rent of the retail comparables range from RMB53 to RMB56 per month per sq.m., inclusive of VAT.

Rental Comparable	Leased Area (sq.m.)	Unit Rent (RMB/sq.m./ month)
1. Level 4 of a 4-storey shopping mall in Xiangfang District	6,018	54
2. Basement levels 1-2 of a 4-storey shopping mall in Nangang District	14,845	53
3. A 4-storey shopping mall in Xiangfang District	6,000	56

The major adjustments include but not limited to:

Adjustment	Range
Transaction Status	-5% to 0%
Accessibility	+1%
Age & Maintenance	-8% to -10%
Size	-15% to -12%
Level	0% to +13%

We have assigned equal weighting to the three comparables after due adjustments. As a result, we have adopted a unit market rent of RMB44.10 per sq.m. per month for a total leasable area of 45,992.75 sq.m., equivalent to a sum of approximately RMB2,028,000 per month, inclusive of VAT but exclusive of building management fee for the first year.

Based on our independent adjustments of the rental comparables as mentioned above, we are of the view that our opinion of the market rent of the property is fair and reasonable.

- (5) We have been provided with a legal opinion on the title to the property issued by the Group's PRC legal adviser which contains, inter-alia, the following information:-
- (a) Harbin International Company Limited (哈爾濱國際有限責任公司) is the legal owner of the property;
 - (b) The property is subject to a mortgage in favour of CMB Wing Lung Bank Limited (招商永隆銀行有限公司); and
 - (c) Harbin International Company Limited (哈爾濱國際有限責任公司) has the right to legally possess, use, lease, benefit from and otherwise dispose of the property. However, the exercise of the above rights is subject to the agreement between Harbin International Company Limited (哈爾濱國際有限責任公司) and the mortgagee.

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 SFO) which will be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

- (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%
Serbadagang Holdings Sdn. Bhd.	Corporate interest	East Crest	East Crest	2 ordinary shares	100%
Parkson Services Pte. Ltd.	Corporate interest	East Crest	East Crest	100 ordinary shares	100%
Parkson Retail Asia Limited	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem and through East Crest	Tan Sri Cheng Heng Jem and through East Crest	458,433,300 ordinary shares	68.03%
Parkson Properties Hanoi Co., Ltd.	Corporate interest	Parkson Properties Holdings Co., Ltd.	Parkson Properties Holdings Co., Ltd.	1 ordinary share	100%
Parkson TSN Holdings Co., Ltd.	Corporate interest	Parkson Vietnam Investment Holdings Co., Ltd.	Parkson Vietnam Investment Holdings Co., Ltd.	2 ordinary shares	100%
Dyna Puncak Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Gema Binari Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Prestasi Serimas Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2,000,000 ordinary shares	100%

APPENDIX III
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
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	100%
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 Rimbum Sdn. Bhd.	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	2 ordinary shares	100%
True Excel Investments Limited	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	1 ordinary share	100%
Parkson Branding Sdn. Bhd.	Corporate interest	Gema Binari Sdn. Bhd.	Gema Binari Sdn. Bhd.	7,000,000 ordinary shares	100%
Ombrello Resources Sdn. Bhd.	Corporate interest	Prestasi Serimas Sdn. Bhd.	Prestasi Serimas Sdn. Bhd.	457,000 ordinary shares	100%
Parkson SGN Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	4,500,000 capital (USD)	100%
Parkson Cambodia Holdings Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	1 ordinary share	100%
Parkson Edutainment World Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	1,000,000 ordinary shares	100%
Parkson Lifestyle Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	35,000,000 ordinary shares	100%

APPENDIX III
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
Parkson Haiphong Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	30,000,920 capital (USD)	100%
Parkson Unlimited Beauty Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	3,000,000 ordinary shares	100%
Parkson Trends Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	3,000,000 ordinary shares	100%
Parkson Private Label Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	5,000,000 ordinary shares	100%
Parkson Trading (Vietnam) Company Limited	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	300,000 capital (USD)	100%
Solid Gatelink Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	3,000,000 ordinary shares	100%
Parkson Vietnam Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	10,340,000 capital (USD)	100%
Parkson Myanmar Investment Company Pte. Ltd.	Corporate interest	Parkson Myanmar Co., Pte. Ltd.	Parkson Myanmar Co., Pte. Ltd.	2,100,000 ordinary shares	70%
Festival City Sdn. Bhd.	Corporate interest	Idaman Erajuta Sdn. Bhd.	Idaman Erajuta Sdn. Bhd.	500,000 ordinary shares	100%
Megan Mastika Sdn. Bhd.	Corporate interest	Magna Rimbun Sdn. Bhd.	Magna Rimbun Sdn. Bhd.	300,000 ordinary shares	100%
True Excel Investments (Cambodia) Co., Ltd.	Corporate interest	True Excel Investments Limited	True Excel Investments Limited	1,000 ordinary shares	100%
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%
Myanmar Parkson Company Limited	Corporate interest	Parkson Myanmar Investment Company Pte. Ltd.	Parkson Myanmar Investment Company Pte. Ltd.	300,000 ordinary shares	100%
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 (i) 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); (ii) entered in the register kept by the Company under section 352 of the SFO; or (iii) 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 (other than the Directors and chief executive of the Company) 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 (Note 1)	54.97%

Name of Shareholder	Long/Short Positions	Nature of Interest	Number of Shares	Percentage of Shareholding (direct or indirect)
Puan Sri Chan Chau Ha alias Chan Chow Har	Long	Interest of spouse	1,448,270,000 (Note 2)	54.97%
PRG Corporation	Long	Beneficial interest	1,438,300,000 (Note 1)	54.59%
Chan Kin	Long	Corporate interest	955,975,517 (Note 3)	36.28%
Argyle Street Management Holdings Limited	Long	Corporate interest	955,975,517 (Note 3)	36.28%
Argyle Street Management Limited	Long	Investment manager	955,975,517 (Note 3)	36.28%
ASM Connaught House General Partner II Limited	Long	Corporate interest	940,584,517 (Note 3)	35.70%
ASM Connaught House Fund II LP	Long	Corporate interest	940,584,517 (Note 3)	35.70%
Bishan Street Limited (“ Bishan ”)	Long	Beneficial interest and security interest	933,845,517 (Note 3)	35.44%
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 the 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
Wuxi Supply and Marketing Group Co., Ltd. (“ Wuxi Supply and Marketing ”) (Note 1)	Wuxi Sanyang Parkson Plaza Co., Ltd. (“ Wuxi Parkson ”)	40%
Guizhou Shenqi Enterprise Co., Ltd. (“ Guizhou Shenqi Enterprise ”) (Note 2)	Guizhou Shenqi Parkson Retail Development Co., Ltd. (“ Guizhou Parkson ”)	40%
Shanghai Nine Sea Industry Co., Ltd. (“ Shanghai Nine Sea Industry ”)	Shanghai Nine Sea Lion Properties Management Co., Ltd. (“ Shanghai Lion Property ”) (Note 3)	71%
Shanghai Nine Sea Industry	Shanghai Nine Sea Parkson Plaza Co., Ltd. (“ Shanghai Nine Sea Parkson ”) (Note 4)	29%
E-Land Fashion Hong Kong Limited (“ E-Land Hong Kong ”) (Note 5)	Parkson Newcore Retail Shanghai Ltd. (“ Parkson Newcore ”)	51%
E-Land Hong Kong (Note 6)	Nanchang Parkson Newcore Retail Ltd. (“ Nanchang Newcore ”) (Note 6)	51%
Koh Wee Lit	Habitat Blue Sdn. Bhd.	40.55%
Bernice Cheong Nyuk Siew	Habitat Blue Sdn. Bhd.	16.67%

Notes:

1. Wuxi Supply and Marketing owns 40% of the equity interest of Wuxi Parkson.
2. (i) Guizhou Shenqi Enterprise, owns 40% of the equity interest of Guizhou Parkson.

- (ii) 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.
3. 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.
4. 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.
5. 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.
6. 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.

As at the Latest Practicable Date, Tan Sri Cheng Heng Jem, an executive Director and chairman of the Board, was the director of PHB, and Juliana Cheng San San, an executive Director, was the director of PRG Corporation. Save as disclosed herein, no Director was a director or any employee of a company which had 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 as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, 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 2023, 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

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2023, 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 9 September 2022, Qingdao No. 1 Parkson Co., Ltd.* (青島第一百盛有限公司) (an indirect non-wholly-owned subsidiary of the Company) as vendor and 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) as purchaser entered into a sale and purchase agreement in respect of the disposal of the certain properties located in Qingdao City, Shandong Province, the PRC, with aggregate construction area of approximately 76,013 sq. m., for a consideration of RMB280 million.

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

Save as disclosed hereinabove, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2023 and up to and including the Latest Practicable Date.

12. EXPERTS AND CONSENTS

Name	Qualification
Cushman & Wakefield Limited	Independent property valuer
Dehehantong Law Offices	PRC legal adviser

Each of the above experts has given and has not withdrawn its written consent to the issue of the circular with the inclusion of its letter or opinion or advice and the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group nor did it 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 it have any interest, either direct or indirect, in any assets which have been, since 31 December 2023 (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) for a period of 14 days from the date of this circular:

- (a) the Shenyang Supplemental Agreement;
- (b) the Shenyang Original Tenancy Agreement;
- (c) the Harbin Supplemental Agreement;
- (d) the Harbin Original Tenancy Agreement;
- (e) the valuation report from Cushman & Wakefield Limited, the text of which is set out in Appendix II to this circular; and
- (f) the letters of consent from the experts referred to in paragraph 12 in this appendix.

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 (PE).
- (f) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.