PARKSON 百盛

# PARKSON RETAIL GROUP LIMITED

# 百盛商業集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 3368)**

## ANSHAN TIANXING PARKSON SHOPPING CENTRE CO., LTD

## DEFAULT BY JOINT VENTURE PARTNER WITH RESPECT TO THE REPAYMENT OF CERTAIN LOANS

This announcement is made in accordance with Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Reference is made to the RMB70 million Loans made by Anshan Parkson, a 51% indirect subsidiary of the Company, to the Anshan JV Partner (the holder of the remaining 49% interest in Anshan Parkson). As security, the Anshan JV Partner had pledged in favour of Anshan Parkson its dividends in the Anshan Parkson joint venture and rental receivables from Anshan Parkson. The Loans were to be repaid in full in September 2006.

However, the Anshan JV Partner failed to repay the Loans in full on its due date. As the Company was then in discussions with the Anshan JV Partner with a view to acquiring the latter's 49% interest in Anshan Parkson, the issue of the repayment of the Loans was coupled with the discussions on the possible acquisition with a view to resolution as one composite settlement. However, discussions on the possible acquisition have now failed. The Company has, on foot of the pledge, recovered approximately RMB4.1 million and the Company expects that the balance of the Loans (amounting to approximately RMB65.9 million) should be recovered on foot of the Pledge before the end of the calendar year 2009. The Company has in any event commenced legal proceedings against the Anshan JV Partner for the immediate recovery of the balance of the Loans.

**Background**

Anshan Tianxing Parkson Shopping Centre Co., Ltd. ("Anshan Parkson") is an indirect subsidiary of Parkson Retail Group Limited (the "Company"). It is owned as to 51% indirectly by the Company and as to 49% by Anshan Tianxing International Properties Development Co., Ltd. ("Anshan JV Partner"). The Anshan JV Partner is also the landlord of Anshan Parkson's department store premises.

As disclosed in the Company's prospectus dated 17 November 2005 in connection with its initial public offering, Anshan Parkson had provided certain interest-bearing entrusted loans to the Anshan JV Partner in an aggregate amount of RMB70 million ("Loans"). Interest is payable on the Loans as follows: 6.16% in respect of the RMB50 million tranche of the Loans and 5.80% in respect of the RMB20 million tranche of the Loans. As security, the Anshan JV Partner had pledged in favour of Anshan Parkson its dividends in the Anshan Parkson joint venture and rental receivables from Anshan Parkson ("Pledge"). The Loans were to be repaid by the Anshan JV Partner (in two tranches) on 22 and 23 September 2006. In connection with the Loans, the Stock Exchange of Hong Kong Limited had granted a waiver from strict compliance with Listing Rule 14A.63 at the time of the Company's initial public offering.

During the course of the second half of the 2006 calendar year and up until the end of March 2007, and in line with the Company's stated strategy, the Company had been in discussions with the Anshan JV Partner with a view to acquiring the 49% interest held by the latter in Anshan Parkson.

**Recent events**

The negotiations never did progress beyond pricing considerations, and the Company terminated its discussions with the Anshan JV Partner at the end of March 2007. The Company does not expect that discussions will be restarted in the immediate future.

As mentioned above, the Loans were due to be repaid in full in September 2006. However, the Anshan JV Partner failed to do so at the time. The Company's intention then was to deal with both the repayment of the Loans (in full) and the proposed acquisition of the outstanding 49% interest in Anshan Parkson in one composite settlement. As discussions on the possible acquisition have now failed, the Company has, on foot of the Pledge, recovered approximately RMB4.1 million through the deduction of rental and dividends that would otherwise have been payable to the Anshan JV Partner. The balance of the Loans remaining to be repaid by the Anshan JV Partner amounts to approximately RMB65.9 million.

**Enforcement**

If the Anshan JV Partner should fail to repay the balance of the Loans immediately, on the basis of historical dividend payments from Anshan Parkson and the amount of rent currently payable by Anshan Parkson to the Anshan JV Partner, the Company expects that it should, on foot of the Pledge, recover the balance of the Loans before the end of the calendar year 2009.

The Company has in any event commenced legal proceedings against the Anshan JV Partner for the immediate recovery of the balance of the Loans.

This announcement is made in accordance with Rule 13.09(1) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

By order of the Board
**PARKSON RETAIL GROUP LIMITED**
**Cheng Yoong Choong**
*Managing Director*

*As at the date of this announcement, Mr CHENG Yoong Choong and Mr CHEW Fook Seng are executive directors of the Company, Tan Sri CHENG Heng Jem is a non-executive director of the Company and Mr STUDER Werner Josef and Mr KO Tak Fai, Desmond and Mr YAU Ming Kim are the independent non-executive directors of the Company.*

Hong Kong, 04 April 2007

Please also refer to the published version of this announcement in South China Morning Post.