# PARKSON RETAIL GROUP LIMITED

百盛商業集團有限公司

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

**(Stock Code: 3368)**

## DISCLOSEABLE TRANSACTION
## ACQUISITION OF THE BUILDING OWNERSHIP RIGHT AND THE LAND USE RIGHT TO THE TIANJIN BUILDING

The Board is pleased to announce that the Company is the successful bidder in a public tender process to acquire the land use right and the building ownership right of Tianjin Building. The Company has through its indirect wholly owned subsidiary, entered into the Sale and Purchase Agreement whereby the Vendor has agreed to sell and the Purchaser has agreed to acquire the land use right and the building ownership right of Tianjin Building for an Acquisition Price of RMB704.6 million payable in cash.

As the applicable percentage ratio calculated under Chapter 14 of the Listing Rules exceeds 5% but is less than 25%, the Acquisition constitutes a discloseable transaction for the Company which is subject to the notification and publication requirements under Chapter 14 of the Listing Rules.

**THE SALE AND PURCHASE AGREEMENT**

**Date**

28 November 2011

**Parties**

Vendor: Tianjin Binhai Century Plaza Co., Ltd.

Purchaser: Tianjin Parkson Shopping Mall Co., Ltd.

**Subject Matter**

The land use right and the building ownership right of Tianjin Building.

The Tianjin Building is a shopping complex located at the northeast corner of Nanmenwai Street and Shenyi Street, Heping District, Tianjin City, PRC, which consists of a 5 storey building with a land area of approximately 13,424.6 square metres and total gross floor area of about 45,022.15 square metres.

## ACQUISITION PRICE AND CONDITIONS FOR THE ACQUISITION

**Acquisition Price**

In consideration of the Vendor being a state-owned enterprise and under the supervision of SASAC, Tianjin Building is considered a state-owned asset under PRC law, which sale must be subject to a public tender or auction process and valuation by a valuer recognized by the SASAC. According to a valuation carried out on 6 September, 2011 by Tianjin Yue Hua Property Valuation Co Ltd, a valuer appointed by the Vendor and recognized by SASAC, Tianjin Building was valued at RMB704.37 million.

CBRE, a reputable international property valuer appointed by the Company has valued the Tianjin Building base on the direct comparison approach by making reference to the comparable sales evidence available in the relevant markets for properties of similar size with detail analysis on the character and location of the properties. In the opinion of CBRE, the market value of the Tianjin Building is approximately RMB722.0 million.

The Vendor has commenced the public tender process at Tianjin Property Rights Exchange on 3 November 2011 for the listing of the Tianjin Building with a selling price of RMB704.60 million. The Company has through its indirect wholly owned subsidiary successfully won the bid to acquire the land use right and the building ownership right of Tianjin Building at the price of RMB704.60 million.

The Directors considered that the Acquisition Price reflects normal commercial terms and is fair and reasonable with reference to the prevailing market price based on the valuation carried out by CBRE. The Acquisition Price will be fully funded by the internal resources of the Group.

**Payment Mode**

The Acquisition Price of RMB704.60 million shall be paid to the Vendor at the following times and in the following manners:

(a) RMB211.38 million within 10 working days upon the execution of the Sale and Purchase Agreement, which sum shall be deemed to have been settled and offset by the tendering deposit paid to the Tianjin Property Rights Exchange by the Purchaser before the tender process.

(b) RMB211.38 million within 10 working days upon the fulfillment of the following conditions:

  (i) the original certificate of transfer (产权交易鉴证书) issued by Tianjin Property Rights Exchange (天津产权交易中心); and
  (ii) the debt clearance certificates from all the creditors;

(c) RMB70.46 million within 10 working days upon the fulfillment of the following conditions by the Vendor:

  (i) the proof of payment of the land premium by the Vendor; and
  (ii) the confirmation letter issued by Tianjin Administration of Land Resources and Housing (天津市国土资源和房屋管理局) that all mortgages and encumbrances on Tianjin Building have been released and discharged;

(d) RMB105.69 within 10 working days upon receipt from the Vendor the land use right certificate and building ownership certificate of Tianjin Building duly registered in favour of the Purchaser;

(e) RMB70.46 million within 5 working days upon the delivery of the vacant possession of the Tianjin Building to the Purchaser;

(f) the balance of the Acquisition Price of RMB35.23 million within 180 days from the delivery of vacant possession of the Tianjin Building.

**Termination**

The Sale and Purchase Agreement shall be terminated in the following situations:

(a) by mutual agreement between the Vendor and the Purchaser;

(b) unable to fulfill the obligations under the Sale and Purchase Agreement due to the occurrence of a force majeure event;

(c) upon the occurrence of a termination event (as defined below) and the Innocent Party (as defined below) elects to terminate the Sale and Purchase Agreement.

Upon occurrence of the termination events, either party may terminate the Sale and Purchase Agreement by giving 10 working days prior written notice.

A termination event means: Subject to a party ("**Innocent Party**") observing and fulfilling the terms and provisions on its part to be observed and performed, if the other party ("**Defaulting Party**"):

(i) breaches of any obligation, representation or warranty made by one party or any representation or warranty found to be untrue, incorrect or misleading and fail to remedy the same within 30 days upon the occurrence of such breach;

(ii) breaches of any of the provisions of the Sale and Purchase Agreement and fail to remedy the same within 10 days upon written request by other party;

(iii) the land use right certificate and building ownership certificate of Tianjin Building fails to be registered in favour of the Purchaser within 280 days after the execution of the Sale and Purchase Agreement for reason not caused by the breach of the Purchaser;

(iv) compulsory acquisition of the building by the government before the transfer of the land use right certificate and building ownership certificate to the Purchaser.

The Innocent Party shall be entitled to elect to:

(1) terminate the Sale and Purchase Agreement by notifying the Defaulting Party in writing (the date of termination of the Sale and Purchase Agreement shall be the date of the said written notification); or

(2) continue with the Sale and Purchase Agreement.

In the event that the Innocent Party elects to terminate the Sale and Purchase Agreement, within 7 days upon the date of termination:

(I) the Defaulting Party shall pay a sum equivalent to 5% of the Acquisition Price to the Innocent Party as agreed liquidated damages, and

(II) if the Defaulting Party is the Vendor, the Vendor shall refund to the Purchaser all monies received from the Purchaser.

In the event that the Innocent Party elects to continue with and to complete the Sale and Purchase Agreement, the Defaulting Party is obliged to pay a sum equivalent to 5% on the amount of the Acquisition Price already paid by the Purchaser under the Sale and Purchase Agreement (if the Defaulting Party is the Purchaser, a sum equivalent to 5% on the unpaid Acquisition Price).

## INFORMATION ON THE VENDOR

The Vendor is a state-owned enterprise under the supervision of SASAC. The Vendor is the registered owner of the Tianjin Building. The Vendor is principally engaged in the business of retail, trading, hotel operation and property management. To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, the Vendor and its ultimate beneficial owner are third parties independent of the Company and connected persons of the Company as at the date of this announcement.

## INFORMATION ON THE COMPANY AND THE PURCHASER

The Company and its subsidiaries are principally engaged in the operation of 49 department stores situated in prime locations in 31 cities in the PRC. The Group offers a wide range of merchandise in those department stores, including fashion and apparel, cosmetics and accessories, household, electrical goods and groceries.

The Purchaser, a wholly owned subsidiary of Beijing Parkson, is an indirect wholly owned subsidiary of the Company primary acting as a special purpose vehicle to acquire the Tianjin Building and to manage the same.

## REASONS FOR AND BENEFITS OF THE ACQUISITION

Tianjin is one of the 4 municipalities of the PRC that are under the central government's direct administration with a provincial-level status. Tianjin's urban area that is located along Hai He River, is the third largest in the PRC after Shanghai and Beijing. With a population of more than 9.5 million, Tianjin is one the fastest growing city in the PRC. Gross domestic product of Tianjin expanded by 17.4% to more than RMB910.0 billion and the retail sales grew more than 20.0% to RMB268.0 billion in the year 2010.

The Company currently operates one "Parkson" department store in Tianjin through Tianjin Parkson which has been in operation for more than 7 years and has established strong brand equity amongst the middle class in Tianjin.

The management believes that the Acquisition provide the platform for the Group to increase its market share and strengthen our foothold in this fast growing market. It provides an avenue for the Group to introduce more merchandises and brands to the local consumers and in the process maximizing the sales and profit potential of our operation in Tianjin city to enhance the growth and profitability of the Group. .

The Directors believe that the terms of the Acquisition are fair, reasonable and in the normal commercial terms and are in the interests of the Company and the shareholders as a whole.

## DISCLOSEABLE TRANSACTION

According to the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company which is subject to the notification and publication requirements as set out in Rules 14.58 to 14.60 of the Listing Rules.

## DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context otherwise requires:

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| "Acquisition Price" | the total acquisition price of RMB704.60 million for the Acquisition |
| "Acquisition" | the acquisition by the Purchaser from the Vendor of the land use right and the building ownership right of Tianjin Building as contemplated under the Sale and Purchase Agreement; |

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| "Beijing Parkson" | Parkson Retail Development Co., Ltd, a limited liability company incorporated in the PRC on 20 October 1993 and is an indirect wholly subsidiary of the Company |
| "Board" | the board of Directors of the Company |
| "CBRE" | CB Richard Ellis Limited, 4/F Three Exchange Square, 8 Connaught Place, Central, Hong Kong |
| "Company" | Parkson Retail Group Limited, a limited liability company incorporated under the laws of the Cayman Islands with limited liability on 3 August 2005 |
| "Director(s)" | the director(s) of the Company |
| "Group" | the Company, its subsidiaries, jointly controlled entities and associated company |
| "Hong Kong" | the Hong Kong Special Administrative Region of the People's Republic of China |
| "Listing Rules" | the rules governing the listing of securities on Stock Exchange |
| "PRC" | the People's Republic of China |
| "Purchaser" | Tianjin Parkson Shopping Mall Co., Ltd. (天津百盛商业广场有限公司), a company with limited liabilities incorporated in the PRC on 28 October 2011 and is an indirect wholly owned subsidiary of the Company |
| "RMB" | Renminbi, the lawful currency of the PRC |
| "Sale and Purchase Agreement" | the agreement entered into between the Purchaser and the Vendor on 28 November 2011 for the Acquisition |
| "SASAC" | State-owned Assets Supervision and Administration Commission of the Heping District, Tianjin |
| "Stock Exchange" | The Stock Exchange of Hong Kong Limited |
| "subsidiary" | has the meaning ascribed to it in section 2 of the Companies Ordinance (Chapter 32 of the Laws of Hong Kong) |
| "Tianjin Building" | A shopping complex located at the northeast corner of Nanmenwai Street and Shenyi Street, Heping District, Tianjin City, the People's Republic of China, which consists of a 5 storey building with a land area of approximately 13,424.6 square metres and total gross floor area of about 45,022.15 square metres |

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| "Tianjin Parkson" | Tianjin Parkson Retail Development Co., Ltd, a limited liability company incorporated in the PRC on 1 December 2003 and is an indirect wholly owned subsidiary of the Company |
| "Vendor" | Tianjin Binhai Century Plaza Co., Ltd. (天津滨江世纪广场有限公司), is a state-owned enterprise of the PRC |
| "%" | per cent |

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

Hong Kong, 28 November 2011

As at the date of this announcement, Datuk 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 KO Tak Fai, Desmond, Mr STUDER Werner Josef and Mr YAU Ming Kim, Robert are the independent non-executive Directors of the Company.