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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 to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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**PARKSON RETAIL GROUP LIMITED****百盛商業集團有限公司***(Incorporated in Cayman Islands with limited liability)***(Stock Code: 3368)****DISCLOSEABLE TRANSACTION
ACQUISITION OF JIANGXI KAIMEI**

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DEFINITIONS

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

“Acquisition”	means the transaction contemplated under the Sale and Purchase Agreement;
“Affiliates”	means any subsidiary or beneficial owner of more than 50% of the issued share capital of the Vendor and Kaimei Development
“Board”	means the board of directors of the Company
“Business Day”	means a day (other than Saturday or Sunday) on which commercial banks in Hong Kong are generally opened for business
“CD Escrow Agent”	Goldbond Capital (Asia) Limited
“CD Escrow Agreement”	the escrow agreement dated the same date of the Sale and Purchase Agreement entered into between the CD Escrow Agent, the Vendor and the Purchaser in relation to the escrow arrangement for the Completion Documents and the Share Mortgage Documents
“Company”	Parkson Retail Group Limited (百盛商業集團有限公司), a company incorporated under the laws of Cayman Islands with limited liability on 3 August, 2005
“Completion”	completion of the Sale and Purchase Agreement
“Completion Documents”	documents necessary for vesting the legal and beneficial interest of the entire issued share capital of Golden Village Group Limited in favour of the Purchaser
“connected person”	has the meaning ascribed to it in the Listing Rules
“Directors”	the directors of the Company
“EL Escrow Account”	means the bank account opened by the Vendor with the EL Escrow Agent pursuant to the terms of the EL Escrow Agreement as the EL Escrow Account (as therein defined)
“EL Escrow Agent”	Industrial and Commercial Bank of China (Asia) Limited
“EL Escrow Agreement”	an agreement entered into between the EL Escrow Agent, the Vendor and the Purchaser in relation to the amount in the EL Escrow Account
“Entrusted Bank”	China Merchants Bank, Shanghai Branch, Hualin sub branch

DEFINITIONS

“Entrusted Loan”	means the principal amount of RMB120,000,000.00 made available to Kaimei Development by Shanghai Ninesea pursuant to the Entrusted Loan Agreements for the sole purpose of repayment of the Nanchang Debt to enable the Vendor to discharge the Nanchang Mortgage in accordance with the terms of the Sale and Purchase Agreement
“Entrusted Loan Agreements”	the loan agreements entered into between the Entrusted Bank, Shanghai Ninesea and Kaimei Development whereby Shanghai Ninesea will procure the Entrusted Bank to grant to Kaimei Development the Entrusted Loan
“Golden Village Group Limited	a company incorporated in the BVI whose entire issued share capital are sold by the Vendor to the Purchaser pursuant to the Sale and Purchase Agreement
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HKD”	the lawful currency of Hong Kong
“Jiangxi Kaimei”	江西凱美百貨投資管理有限公司 (Jiangxi Kaimei Retail Co. Ltd.), a wholly foreign owned company established in the PRC, currently the owner and operator of the K&M Store
“Kaimei Development”	江西凱美實業發展有限公司, a wholly foreign owned company established in the PRC and is owned by Sino Wealth Holdings Limited, a Hong Kong registered company. The ultimate beneficial owner/owners of the company is substantially the same as the ultimate beneficial owner of the Vendor.
“K&M Store”	the department store located at Tai Ping Yang Shopping Plaza (太平洋購物廣場), No.177 Zhongshan Road, East Lake District, Nanchang City, Jiangxi Province, PRC, which is owned and managed by Jiangxi Kaimei
“Latest Practicable Date”	31 March 2007
“Leased Property”	The basement floor and 1st to 4th floor of a commercial arcade known as Tai Ping Yang Shopping Plaza (太平洋購物廣場) located at No. 177 Zhong Shan Road, Dong Hu District, Nanchang, Jiangxi, PRC
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“Long Stop Date”	31 May 2007 or such later date as the parties to the Sale and Purchase Agreement may agree in writing
“Mortgaged Property”	1st and 2nd floors and the basement level of the Leased Property currently mortgaged to Nanchang Bank.

DEFINITIONS

“Nanchang Bank”	Nanchang City Commercial Bank (南昌市商業銀行), a licensed financial institution established under the law of the PRC
“Nanchang Debt”	the outstanding debts owing and payable by Kaimei Development to Nanchang Bank.
“Nanchang Mortgage”	the mortgage as evidenced by registered mortgage certificates created over the Mortgaged Property
“PRC”	means the People’s Republic of China
“Purchaser”	means Grand Parkson Retail Group Limited
“RMB”	Means the lawful currency of the PRC
“Sale and Purchase Agreement”	Means the sale and purchase agreement dated 21 March, 2007 entered into between the Vendor and the Purchaser
“SFO”	means the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Shanghai Ninesea”	Shanghai Nine Sea Parkson Plaza Co. Ltd, a sino-foreign co-operative joint venture enterprise established under the law of PRC and an indirect subsidiary of the Company
“Share(s)”	the ordinary share(s) of the Company with a nominal value of HK\$0.10 each
“Shareholder(s)”	the holder(s) of the Share(s)
“Share Mortgage”	a share pledge in respect of the entire issued and paid up share capital (50,000 shares) of and in Golden Village Group Limited provided by the Vendor as security against the repayment of the Entrusted Loan as more particularly described in the Sale and Purchase Agreement
“Share Mortgage Documents”	has the meaning as defined in the Sale and Purchase Agreement
“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)
“Vendor”	means Millionlink Pacific Limited, a company incorporated in the British Virgin Islands whose registered office is at OMC Chambers, P.O. Box 3152, Road Town, Tortola, British Virgin Islands



PARKSON RETAIL GROUP LIMITED

百盛商業集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 3368)

Executive Directors:

Mr. Cheng Yoong Choong

Mr. Chew Fook Seng

Non-executive Director:

Tan Sri Cheng Heng Jem

Independent non-executive Directors:

Mr. Studer Werner Josef

Mr. Yau Ming Kim, Robert

Mr. Ko Tak Fai, Desmond

Registered office:

c/o M&C Corporate Services Limited

P.O. Box 309GT

Ugland House

South Church Street

George Town

Grand Cayman

Cayman Islands

Principal place of business in

Hong Kong

Suite 1316

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10 Chater Road

Hong Kong

12 April 2007

To the Shareholders

Dear Sir or Madam,

**DISCLOSEABLE TRANSACTION
ACQUISITION OF JIANGXI KAIMEI**

INTRODUCTION

On 21 March 2007, the Company announced that it has agreed to acquire, indirectly, the 100% equity interest in Jiangxi Kaimei, a company which owns and operates the K&M Store in Nanchang City in the Jiangxi Province of the PRC.

The Acquisition constitutes a discloseable transaction under Chapter 14 of the Listing Rules. This circular contains details of the Acquisition required to be disclosed under the Listing Rules.

LETTER FROM THE BOARD

THE SALE AND PURCHASE AGREEMENT

Date

21 March, 2007

Parties

Vendor: Millionlink Pacific Limited

Purchaser: Grand Parkson Retail Group Limited

The Acquisition

Pursuant to the Sale and Purchase Agreement, the Vendor has agreed to sell and the Purchaser has agreed to purchase the entire issued and paid up share capital of Golden Village Group Limited. The Vendor, Millionlink Pacific Limited is the sole legal and beneficial owner of the entire issued share capital in Golden Village Group Limited, which, in turn, is the sole legal and beneficial owner of the entire equity interest in Jiangxi Kaimei. Jiangxi Kaimei owns and operates the K&M Store in Nanchang City in the Jiangxi Province of the PRC.

Consideration

The total consideration for the Acquisition is RMB510,000,000.00, which has already been satisfied in part, with the balance to be satisfied by payment in cash either by way of telegraphic transfer or banker's draft and financed by internal resources of the Company as follows:

- (a) on the Business Day immediately after the date of the Sale and Purchase Agreement, the Purchaser has paid the Vendor a sum of RMB51,000,000.00 as deposit against the Vendor's delivery of the Completion Documents to the CD Escrow Agent to hold as stakeholders and who is authorized by the parties to deal with the same in accordance with the provisions of the CD Escrow Agreement;
- (b) on Completion, the Purchaser shall pay a sum of:
 - (i) RMB339,000,000.00 directly to the Vendor;
 - (ii) RMB120,000,000.00 to an EL Escrow Accounts and to be released only upon the Vendor having procured the full repayment of the Entrusted Loan.

The total consideration shall be paid in the HKD equivalent of RMB based on the middle rate published by the People's Bank of China for the conversion of RMB to HKD, on the respective dates of payment. The Directors consider that total consideration reflects normal commercial terms which

LETTER FROM THE BOARD

were arrived at after arm's-length negotiations between the Vendor and the Purchaser, with reference to the historical earnings and potential of Jiangxi Kaimei. The Directors are of the view that the terms of Acquisition are fair and reasonable and are in the interests of the Company and the Shareholders as a whole.

Conditions Precedent

Completion of the Sale and Purchase Agreement is subject to the Vendor procuring the discharge of the Nanchang Mortgage on or before the Long Stop Date.

In this respect, the parties agree as follows:

- (a) the discharge of the Nanchang Mortgage to be procured by the Vendor;
- (b) Upon the signing of this Agreement, the Vendor shall deliver or cause to be delivered the Completion Documents and the Share Mortgage to the CD Escrow Agent to hold as stakeholders and who are authorized by the parties to deal with the same in accordance with the provisions of the CD Escrow Agreement;
- (c) Within 10 Business Days after the signing of the Sale and Purchase Agreement, the parties shall arrange for the Entrusted Loan and cause the Entrusted Loan to be executed;
- (d) Within 5 Business Days on fulfillment of (c) aforesaid, the Purchaser shall procure the release of the Entrusted Loan in favour of Kaimei Development, and to pay the same directly to Nanchang Bank for and on behalf of Kaimei Development as full and final settlement of the Nanchang Debt and to facilitate the release/discharge the Nanchang Mortgage.
- (e) Subject to fulfillment of (d) aforesaid, the Vendor shall procure for the release/discharge of the Nanchang Mortgage on or before the Long Stop Date.

As at the date of this circular the matters set out in (b), (c) and (d) above have been completed.

In the event that the Condition shall not be fulfilled or waived on or before the Long Stop Date, the following shall take place within thirty (30) days from the day next following the Long Stop Date:

- (a) Vendor shall refund in full the deposit to the Purchaser within 5 Business Days from the Long Stop Date;
- (b) in the event that the Entrusted Loan has not been released to Kaimei Development, the CD Escrow Agent shall release the Completion Documents and the Share Mortgage Documents to the Vendor;
- (c) in the event that the Entrusted Loan has been released to Kaimei Development, Vendor shall procure Kaimei Development to i) repay RMB60 million to Shanghai Ninesea within 10

LETTER FROM THE BOARD

Business days from the Long Stop Date; ii) deliver a mortgage of the third and fourth floors of the Leased Property in favour of Shanghai Ninesea within 45 days from the Long Stop Date; and iii) repay the balance of the Entrusted Loan within 180 days from the Long Stop Date.

- (d) Subject to the fulfillment of part (c) i) and (c) ii) or (c) i) and (c) iii) within the stipulated periods, the Completion Documents and Share Mortgage Documents shall be released to the Vendor.

thereafter, this Agreement shall be null and void and of no further force and effect with neither party having any rights and obligations against the other save and except for any antecedent breaches. The Purchaser has no present intention to waive any of the conditions.

Completion

Completion shall take place on the second Business Day immediately after the fulfillment of the aforesaid conditions, which is estimated to be before 31 May 2007.

Post Completion Undertakings

Pursuant to the terms of the Sale and Purchase Agreement, the Vendor undertakes, that within a period of 3 years from the Completion Date it shall not and shall procure that none of its Affiliates shall be interested directly or indirectly in more than 30% of the shares or equity carrying unrestricted voting rights in any company or be involved in the operations and management, directly or indirectly, in any company or entity, which carries on the business of operating department stores within the province of Jiangxi, PRC; and it shall not and shall procure that none of its Affiliates shall entice any senior employees or directors of Jiangxi Kaimei to leave their employment with Jiangxi Kaimei.

Entrusted Loan

The arrangement of the Entrusted Loan from Shanghai Ninesea in favour of Kaimei Development is to facilitate the release of the Nanchang Mortgage, which is a condition to the completion of this transaction.

INFORMATION ON THE VENDOR AND KAIMEI DEVELOPMENT

Prior to the entering into of the Sale and Purchase Agreement, the Vendor, Millionlink Pacific Limited, is the legal and beneficial owner of the entire issued share capital of Golden Village Group Limited, which is a special purpose investment holding company, the sole asset of which is the entire equity interest in Jiangxi Kaimei, the owner and operator of the K&M Store located in Nanchang City in the Jiangxi Province of the PRC. K&M Store operates on the Leased Property. Jiangxi Kaimei leases the Leased Property and certain machinery and equipments from Kaimei Development.

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Kaimei Development is wholly owned by Sino Wealth Holdings Limited, a Hong Kong registered company. The ultimate beneficial owners of Sino Wealth Holding Limited are substantially the same as the ultimate beneficial owners of the Vendor.

To the best knowledge, information and belief of the Board and having made all reasonable enquiries, the Vendor and its ultimate beneficial owner, Kaimei Development and its ultimate beneficiaries are third parties independent of the Company and its connected persons.

INFORMATION ON THE LEASES

Prior to the Sale and Purchase Agreement, lease agreements were in place between Kaimei Development as landlord and owner with Jiangxi Kaimei as the tenant, in relation to the Leased Property and certain machinery and equipments. The lease agreements are for a term of 20 years which expires in the month of December, 2026 with an option to renew for an additional period of 5 years. The gross floor area of the K&M Store is approximately 31,955 square meter, the aggregated rental expenses and other fees per annum payable for the property and the equipment leases is calculated and based on the higher of (i) minimum lease rental payment of RMB16 million or (ii) 2.25% of the sales proceeds (the aggregate of direct sales, concessionaire sales and the gross up of the rental income based on the combined gross profit margin of direct sales and concessionaire sales) net of value added tax subject to a maximum cap of RMB30 million.

Jiangxi Kaimei will continue to lease the Lease Property and machinery and equipments from Kaimei Development on the same terms and conditions after the Acquisition.

INFORMATION ON THE COMPANY AND THE PURCHASER

The Company and its subsidiaries are principally engaged in the operation of 36 “Parkson” branded department stores and two “Xtra” branded supercentres situated in the prime locations in 26 cities in the PRC. The Group offers a wide range of merchandise in those department stores and supercentres, including fashion and apparel, cosmetics and accessories, household, electrical goods and groceries.

The principal business of the Purchaser, a wholly owned subsidiary of the Company, is to invest in the department store business in the PRC.

LETTER FROM THE BOARD

HISTORICAL FINANCIAL INFORMATION ABOUT GOLDEN VILLAGE GROUP LTD AND ITS SUBSIDIARIES

Set out below are the extract of audited historical combined financial information of Golden Village Group Limited and its subsidiaries prepared in accordance with International Financial Reporting Standards

Year ended 31 December
2006
(in RMB'000)

Year ended 31 December
2005
(in RMB'000)

Gross sales proceeds ⁽¹⁾	548,829	428,824
Operating revenues ⁽²⁾	149,072	102,716
Profit before tax	46,480	283
Profit after tax	33,083	283
Total assets	158,181	104,726
Total liabilities	126,472	99,994
Net assets	31,709	4,732

- (1) "Gross sales proceeds" includes the direct sales (inclusive of value added tax), gross sales proceeds from concessionaire sales (inclusive of value added tax), rental income (inclusive of the sales tax) and other operating revenue (inclusive of sales tax)
- (2) Operating revenues includes the direct sales, commission from concessionaire sales, rental income and other operating revenue. Gross sales proceeds from concessionaire sales are not recognized under the International Financial Reporting Standard, which only recognizes the commission arising from the concessionaire sales.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The K&M Store is strategically located in Nanchang, one of the fastest growing cities in Central China and the capital city of the Jiangxi Province. The K&M Store has been operating in Nanchang City for approximately 5 years with a strong foothold and a well established reputation. As one of the largest department stores in Nanchang, the operating revenues grew by approximately 45.1% from RMB102.7 million in the year 2005 to RMB149.1 million in the year 2006. Due to the strong economy and retail industry growth in Nanchang City, coupled with the excellent location of the store, the management believes that by transforming the operation of the store into Parkson management model, the store is expected to continue its strong growth momentum in the years to come.

The Board believes that the Acquisition would immediately enhance the growth and profitability of the Group. The Acquisition will also enable the Group to gain an immediate entrance into this new market and enable the Group to use it as a platform to quickly expand our business in Nanchang City and the Jiangxi Province in the immediate future and to complement the Group's long term growth strategy in the central region of China.

LETTER FROM THE BOARD

The Board (including the independent non-executive Directors) believe that the terms of the Acquisition are fair and reasonable and in the interests of the Company and its shareholders as a whole.

DISCLOSEABLE TRANSACTION

To the best of the Board's knowledge, information and belief having made all reasonable enquiry, the Vendor is a third party independent of both the Company and connected persons (as defined in the Listing Rules) of the Company.

According to the Listing Rules, the Acquisition constitutes a discloseable transaction of the Company which is subject to the relevant requirements as set out in Rules 14.34 to 14.36 and 14.38 to 14.39 of the Listing Rules.

FINANCIAL EFFECT OF THE ACQUISITION ON THE GROUP

Total assets

The Consideration for the Acquisition was and will be financed from internal resources of the Group. Accordingly,, the Acquisition is not expected to have any material impact on the total assets of the Group.

Liability

The acquisition is not expected to have any material impact on the liability of the Group as the Consideration for the Acquisition was paid in cash and financed from internal resources of the Group.

Earnings

On the basis of the financial performance of Jiangxi Kaimei for the financial year of 2006 and the fact that it represented a significant improvement to the previous financial year, the Board considers that the Acquisition will enhance the earnings of the Group.

Liquidity

Taking into account the Group's unaudited cash and cash-equivalent balance (which was approximately RMB3.3 billion as at 31 December 2006) and the positive operating cashflows fo the Group's business, the Directors consider that the payment of the Consideration for the Acquisition would have no material adverse effect on the liquidity of the Group.

Accordingly, the Acquisition would not have any material impact on the financial position of the Group.

LETTER FROM THE BOARD

ADDITIONAL INFORMATION

Your attention is drawn to the general information as set out in the appendix of this circular.

By Order of the Board
Cheng Yoong Choong
Managing Director

RESPONSIBILITY STATEMENT

This circular includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors collectively and individually accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement in this circular misleading.

DISCLOSURE OF INTERESTS**Directors and chief executive of the Company**

- (i) As at 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 its associated corporations (within the meaning of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO) or which were required to be entered into the register required to be kept by the Company under section 352 of the SFO or which were otherwise required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, were as follows:

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

Name of corporation	Nature of Interest	Name of registered owner	Name of beneficial owner	Number and class of securities	Approximate percentage of shareholding
Company	Corporate interest	PRG Corporation ¹	PRG Corporation	306,360,000 ordinary shares	55.50%

Note:

- Tan Sri Cheng Heng Jem, together with his wife, Puan Sri Chan Chau Ha alias Chan Chau Har, through their direct interest and a series of companies in which they have a substantial interest, are entitled to exercise or control the exercise of more than one third of the voting power at general meetings of LDHB. Since LDHB is entitled to exercise or control the exercise of 100% of the voting power at general meeting of PRG Corporation, pursuant to the SFO, he is deemed to be interested in the Shares held by PRG Corporation in the Company.

(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
PRG Corporation	Corporate interest	LDHB	LDHB	1 ordinary share	100%
Lion Mahkota Parade Sdn. Bhd.	Corporate interest	LDH Management Sdn. Bhd.	LDH Management Sdn. Bhd.	400,000 preference shares	100%
LDHB	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem and a series of controlled corporations	Tan Sri Cheng Heng Jem and a series of controlled corporations	415,090,930 ordinary shares	59.94% ¹

Note:

1. This represents Tan Sri Cheng Heng Jem's interest as at the Latest Practicable Date. This figure will increase if any of the debentures referred in sub-paragraph (c) below are converted into shares in LDHB.

The following are the associated corporations (as defined in the SFO) of the Company in which Tan Sri Cheng Heng Jem is deemed interested as a result of his controlling interest in LDHB (the figures in brackets represent LDHB's interests in these corporations): Qingdao No. 1 (52.60%), Hamba Research & Development Co., Ltd. (98%), Nanning Brilliant (70%), Dalian Tianhe (60%), Aktif-Sunway Sdn. Bhd. (80%), Panareno Sdn. Bhd. (35%) and Inner Mongolia Leader (25%).

In relation to the following associated corporations (as defined in the SFO) of the Company which are non wholly-owned subsidiaries of LDHB, Tan Sri Cheng Heng Jem is also deemed interested in the remaining minority interest in those corporations as follows:

Name of associated corporation	LDHB's interest	Additional deemed interest
Lion Mahkota Parade Sdn. Bhd. ^D	99.99%	0.01% ^A
Likom CMS Sdn. Bhd.	99.98%	0.02% ^B
LDH Investment Pte. Ltd.	60%	40% ^C

Notes:

- A. Corporate interest through Ayer Keroh Resort Sdn. Bhd. Tan Sri Cheng Heng Jem, through a series of companies in which he has a substantial interest, is entitled to exercise or control the exercise of more than one third of the voting power at general meetings of this company. Accordingly, he is deemed to be interested in the shares held by Ayer Keroh Resort Sdn. Bhd. in Lion Mahkota Parade Sdn. Bhd.

- B. Corporate interest through Likom Computer System Sdn. Bhd. Tan Sri Cheng Heng Jem is entitled to exercise or control the exercise of more than one third of the voting power at general meetings of this company. Accordingly, he is deemed to be interested in the shares held by Likom Computer System Sdn. Bhd. in Likom CMS Sdn. Bhd.
- C. Corporate interest through Lion Asia Investment Pte. Ltd. Tan Sri Cheng Heng Jem, through a series of companies in which he has a substantial interest, is entitled to exercise or control the exercise of more than one third of the voting power at general meetings of this company. Accordingly, he is deemed to be interested in the shares held by Lion Asia Investment Pte. Ltd. in LDH Investment Pte. Ltd.
- D. Interest refers to the class of ordinary shares of Lion Mahkota Parade Sdn. Bhd. Interest in the class of preference shares is disclosed in preceding table under sub-paragraph (b) above.

(c) *Long Positions of Tan Sri Cheng Heng Jem in the debentures of the Company and its associated corporations (as defined in the SFO):*

Through beneficial and corporate interests, Tan Sri Cheng Heng Jem is deemed to be interested in 93.66% of the RM38.4 million 2% redeemable convertible unsecured loan stock due 31 May 2009 issued by LDHB (“RCULS”) as follows:

- corporate interest¹ (through Amsteel Corporation Berhad) in 89.18% of the RCULS;
- corporate interest² (through Lion Industries Corporation Berhad) in 4.48% of the RCULS.

In addition, Tan Sri Cheng Heng Jem has a beneficial interest in the RCULS held by Amsteel Corporation Berhad and Lion Industries Corporation Berhad (amounting in aggregate to 93.66% of the RCULS in issue) as follows:

- option granted by Amsteel Corporation Berhad to Tan Sri Cheng Heng Jem to acquire 89.18% of the RCULS held by Amsteel Corporation Berhad;
- option granted by Lion Industries Corporation Berhad to Tan Sri Cheng Heng Jem to acquire 4.48% of the RCULS.

The above options are and will remain exercisable until 15 December 2006.

Notes:

1. Corporate interest through Amsteel Corporation Berhad. Tan Sri Cheng Heng Jem is entitled to exercise or control the exercise of more than one third of the voting power at general meetings of this company. Accordingly, Tan Sri Cheng Heng Jem is interested in the RCULS held by Amsteel Corporation Berhad.

2. Corporate interest through Lion Industries Corporation Berhad. Tan Sri Cheng Heng Jem is entitled to exercise or control the exercise of more than one third of the voting power at general meetings of this company. Accordingly, Tan Sri Cheng Heng Jem is interested in the RCULS held by Lion Industries Corporation Berhad.
3. The percentage figures given above with respect to the RCULS are as at the Latest Practicable Date. These figures will change upon the exercise of any of these debentures.

(d) *Long Positions of Cheng Yoong Choong 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
LDHB	Beneficial interest	Cheng Yoong Choong	Cheng Yoong Choong	998,846 ordinary shares	0.14%

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

Substantial shareholders of the Group

As at Latest Practicable Date, so far as the Directors are aware, each of the following persons, not being a Director or chief executive of the Company, had an interest in the Company's shares which falls to be disclosed to the Company and the Stock Exchange under the provisions of Division 2 and 3 of Part XV of the SFO:

Name of shareholder	Nature of interest	Number of shares	Percentage of shareholding (direct or indirect)
PRG Corporation	Beneficial	306,360,000	55.50%
LDHB	Corporate	306,360,000 (Note 2)	55.50%
Puan Sri Chan Chau Ha alias Chan Chow Har (Note 3)	Interest of spouse	306,360,000	55.50%
Lion Development (Penang) Sdn. Bhd.	Beneficial and corporate	306,360,000 (Note 4)	55.50%
Pangkor Investments (Cayman Islands) Limited	Beneficial	54,648,000	9.9%
Khazanah Nasional Berhad	Corporate	54,648,000 (Note 5)	9.9%

Notes:

- All of the above are long positions.
- PRG Corporation is a wholly-owned subsidiary of LDHB. By virtue of the SFO, LDHB is deemed to be interested in the Shares held by PRG Corporation in the Company.
- 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 306,360,000 Shares which Tan Sri Cheng Heng Jem is deemed to be interested in for the purposes of the SFO.
- Lion Development (Penang) Sdn. Bhd., directly and through a series of controlled companies, is entitled to exercise or control the exercise of more than one third of the voting power at general meetings of LDHB. Since LDHB is entitled to exercise or control the exercise of 100% of the voting power at general meetings of PRG Corporation, by virtue of the SFO, Lion Development (Penang) Sdn. Bhd. is deemed to be interested in the Shares held by PRG Corporation in the Company.
- Pangkor Investments (Cayman Islands) Limited is a wholly-owned subsidiary of Khazanah Nasional Berhad. As such Khazanah Nasional Berhad is deemed to be interested in the 54,648,000 Shares held by Pangkor Investments (Cayman Islands) Limited for the purposes of the SFO.

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

Substantial Shareholder	Member of the Group	Percentage of equity interest held
Xinjiang Youhao	Xinjiang Parkson	49%
Wuxi Distribution	Wuxi Parkson	40%
Yangzhou Commercial	Yangzhou Parkson	45%
Shaanxi Chang'an Information ¹	Xi'an Chang'an Parkson	49%
Shaanxi Shuang Yi ²	Xi'an Shidai Parkson	49%
Sichuan Fulin ³	Mianyang Parkson	40%
Chongqing Wanyou	Chongqing Parkson	30%
Guizhou Shenqi Enterprise ⁴	Guizhou Parkson	40%
Anshan Tianxing ⁵	Anshan Parkson	49%
Shanghai Nine Sea Industry	Shanghai Lion Property	71% ⁶
Shanghai Nine Sea Industry	Shanghai Nine Sea Parkson	29% ⁶

Notes:

1. 長安信息(產業)集團股份有限公司 (Chang'an Information (Property) Group Holding Company Limited), a PRC joint stock company, the shares of which are being listed on the Shanghai Stock Exchange owns 65.45% of the equity interest of Shaanxi Chang'an Information, representing a 32.07% indirect equity interest in Xi'an Chang'an Parkson.
2. 陝西雙翼石油化工有限責任公司 (Shaanxi Shuangyi Petroleum and Chemical Company Limited) acquired from Xi'an Xinrun the equity interest in Xi'an Shidai Parkson on 4 September 2006.
3. 安治富 (An Zhifu) owns 51% of the equity interest in Sichuan Fulin, representing a 20.40% indirect equity interest in Mianyang Parkson.
4. 張沛 (Zhang Pei), 張之君 (Zhang Zhi Jun) and 張姪 (Zhang Ya) own 30%, 40% and 30% of the equity interest in Guizhou Shenqi Enterprise, respectively, representing a 12%, 16% and 12% indirect equity interest in Guizhou Parkson.
5. Each of 鞍山市金羽經貿有限公司 (Anshan City Jinyu Jingmao Company Limited) and 香港寶明有限公司 (Praise Shine Company Limited) owns 50% of the equity interest in Anshan Tianxing, representing 24.5% indirect equity interest in Anshan Parkson.
6. Shanghai Lion Property and Shanghai Nine Sea Parkson are cooperative joint venture enterprises established under the laws of the PRC. The percentages are calculated based on the voting rights attributable to Shanghai Nine Sea Industry pursuant to the respective co-operative joint venture contracts. The percentages to distributable profits are different.

Mr. Cheng Yoong Choong and Mr. Chew Fook Seng are directors of PRG Corporation, which is a company which has an interest or short position in the shares and underlying shares of the Company 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. Save as disclosed in this circular and so far as the Directors are aware, as at the Latest Practicable Date, no other person had an interest or short position in the Company's shares or underlying shares (as the case may be) which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or was otherwise directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Group.

SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had any existing or proposed service contract with any member of the Group (excluding contracts expiring or determinable by the Company within one year without payment of compensation (other than statutory compensation)).

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

As at the Latest Practicable Date, none of the Directors and directors of the Company's subsidiaries, or their respective associates had interests in businesses, other than being a director of the Company and/or its subsidiaries and their respective associates, which compete or are likely to compete, either directly or indirectly, with the businesses of the Company and its subsidiaries as required to be disclosed pursuant to the Listing Rules, except for the interests held by Tan Sri Cheng Heng Jem in LDHB which owns 11 department stores in the PRC. These 11 department stores are managed by the Group.

LITIGATION

No member of the Group is at present engaged in any litigation or arbitration of material importance to the Group and no litigation or claim of material importance to the Group is known to the Directors or the Company to be pending or threatened by or against any member of the Group.

MISCELLANEOUS

- (a) The English text of this circular shall prevail over the Chinese text.
- (b) The registered office of the Company is situated at c/o M&C Corporate Services Limited, P.O. Box 309GT, Uglan House, South Church Street, George Town, Grand Cayman, Cayman Islands.
- (c) The head office and principal place of business of the Company is situated at 9th Floor, Parkson Plaza, No.101 Fuxingmennei Avenue, Xicheng District, Beijing 100031, PRC.
- (d) The principal place of business of the Company in Hong Kong is situated at Suite 1316, Prince's Building, 10 Chater Road, Central, Hong Kong.

- (e) The Hong Kong share registrar and transfer office of the Company is Tricor Investor Services Limited, 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong.
- (f) The secretary of the Company is Ms. Seng Sze Ka Mee, Natalia, who is a Fellow of The Institute of Chartered Secretaries and Administrators (FCIS), The Hong Kong Institute of Chartered Secretaries (FCS), and The Hong Kong Institute of Directors (FHKIoD).
- (g) The qualified accountant of the Company is Mr. Wong Kang Yean Clarence, who is a registered member of the Association of Chartered Certified Accountants and a chartered accountant with the Malaysian Institute of Accountants.