

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein.*



## **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)**

### **CONNECTED TRANSACTION**

#### **PROPOSED NON-EXERCISE OF THE RIGHT OF FIRST REFUSAL AND NOVATION OF OBLIGATIONS UNDER THE DEED OF NON COMPETITION**

In November 2005, LDHB had via the Deed granted in favour of the Company a Call Option and a Right of First Refusal to acquire all the interest in its retail businesses in the PRC, which included both the 2007 Retail Assets and its rights in acquiring the entire interest in Great Dignity Group.

In September 2007, LDHB undertook the Reorganisation Scheme to consolidate its retail business in Malaysia, Vietnam and the 2007 Retail Assets to ECIL, a wholly owned subsidiary of PHB. In conjunction therewith, LDHB had sought the Company's consent not to exercise its Right of First Refusal on the 2007 Retail Assets under the Deed. The Independent Non-executive Directors of the Company had granted the requisite consent to LDHB in August 2007. After the completion of the Reorganisation Scheme, LDHB was left with, inter alia, its rights in acquiring the entire interest in Great Dignity Group, which are still covered under the Deed. Details of the Reorganisation Scheme and the reasons for the Company's consent not to exercise its Right of First Refusal on the 2007 Retail Assets were set out in the Company's announcement dated 3 August 2007.

In September 2009, LDHB has via a letter requested for the Company's consent to the Requested Waivers for the proposal to transfer its rights in acquiring the entire interest in Great Dignity Group to ECIL and PHB. In this respect, the Stock Exchange has via a letter dated 5 October 2009 confirmed that the provisions under Chapter 14 and Chapter 14A of the Listing Rules will not be applicable to the Company's decision of accepting the Requested Waivers on the condition that there will be no material variation of any terms of the deed and all obligation there under regarding the Great Dignity Group will be novated to ECIL and PHB. Both LDHB and PHB are companies listed on Bursa Malaysia and ultimately controlled by Tan Sri Cheng Heng Jem. In addition, the Company's decision to accept the Requested Waivers is subject to the review and approval of the Independent Non-executive Directors and if the Independent Non Executive Directors approved the same, the Company is required to make an appropriate announcement setting out the reasons for such approval.

On 10 November 2009, the Independent Non-executive Directors of the Company approved the Requested Waivers and the Company is making this announcement accordingly.

In November 2005, LDHB has via the Deed granted the Company the Call Option and the Right of First Refusal to acquire all the interest in its retail businesses in the PRC and an undertaking not to compete with the Company's business in the PRC. In September 2007, LDHB undertook the Reorganisation Scheme to consolidate its retail business in Malaysia, Vietnam and the 2007 Retail Assets to ECIL, a wholly owned subsidiary of PHB. In conjunction with the Reorganisation Scheme, LDHB had sought the Company's consent and the Independent Non-executive Directors of the Company had agreed not to exercise its Right of First Refusal against the 2007 Retail Assets. Accordingly, the Deed was amended to exclude the 2007 Retail Asset. In addition, ECIL and PHB have both granted in favour of the Company a Call Option and a Right of First Refusal on the 2007 Retail Assets, which are similar to those granted under the Deed. The Reorganisation Scheme was completed in September 2007 and LDHB was left with, inter alia, its' right in acquiring the entire interest in Great Dignity Group, which are still covered under the Deed. Details of the Reorganisation Scheme and the reasons for the aforesaid decision of the Independent Non-executive Directors of the Company were set out in the Company's announcement dated 3 August 2007.

In September 2009, LDHB has via a letter requested for the Company's consent to the Requested Waivers for the proposal to transfer its rights in acquiring the entire interest in Great Dignity Group to ECIL and PHB. Both LDHB and PHB are companies listed on Bursa Malaysia and ultimately controlled by Tan Sri Cheng Heng Jem.

By way of a letter dated 5 October 2009, the Stock Exchange had confirmed that Chapter 14 and Chapter 14A of the Listing Rules will not be applicable to the Company's decision in accepting Requested Waivers on the condition that there will be no material variation of any terms of the deed and all obligation there under regarding the Great Dignity Group will be novated to ECIL and PHB. In addition, the Company's decision to accept the Requested Waivers is subject to the review and approval of the Independent Non-executive Directors and if the Independent Non Executive Directors approved the same, the Company is required to make an appropriate announcement setting out the reasons for such approval.

On 10 November 2009, the Independent Non-executive Directors approved the Requested Waivers for the following reasons:

- (a) As the Great Dignity Group comprises a store which is loss making with an uncertainty in continuing with its operation in the future, it is not commercially viable for the Company to acquire those assets at this juncture as it might negatively impact the overall performance of the Group; and
- (b) ECIL and PHB have agreed to assume LDHB's obligations in respect of the Great Dignity Group under the Deed. In addition LDHB has agreed to indemnify the Company in the event that PHB and/or ECIL fail to fulfil its aforesaid obligations. In this respect, the Company will be in exactly the same position after the completion of the transfer of the rights on Great Dignity Group and the Company will suffer no loss or leakage of value by approving the Requested Waivers for its benefits and rights will be replicated against PHB and ECIL and reinforce and protected by the indemnity granted by LDHB in favour of the Company.

## DEFINITIONS

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

“Bursa Malaysia”	Bursa Malaysia Securities Berhad
“Call Option”	the right granted by LDHB to the Company to require LDHB to sell to the Company, all its equity interest in the Managed Stores, upon the terms and subject to the conditions contained in the Deed of Non-competition.
“Company”	Parkson Retail Group Limited, a company incorporated under the laws of the Cayman Islands with limited liability on 3 August 2005, the shares of which are listed on the Main Board of the Stock Exchange.
“Deed”	deed dated 10 November 2005 entered into between the Company and LDHB whereby LDHB agreed inter alia, to grant to the Company the Call Option, the Right of First Refusal and an undertaking not to compete with the business of the Group in the PRC. The Deed was amended, modified and supplemented by a supplemental deed dated 18 September 2007 which was entered into pursuant to the Reorganisation Scheme and to exclude the 2007 Retail Assets from the Deed. The word “Deed” shall refer to the principal deed dated 10 November 2005 and the supplemental deed dated 18 September 2007 collectively, unless the context otherwise required.
“ECIL”	East Crest International Limited, a company incorporated in the British Virgin Islands on 2 August 2006, a wholly owned subsidiary of PHB.
“Great Dignity Group”	Collectively, Great Dignity Development Limited, a company incorporated in the British Virgin Islands and its rights to acquire the entire interest in Shenyang Parkson Managed Store and Shantou Parkson Managed store
“Group”	the Company, its subsidiaries, jointly controlled entities and associated companies.
“LDHB”	Lion Diversified Holdings Berhad, a public limited liability company incorporated and domiciled in Malaysia, the shares of which are listed on the Main Board of Bursa Malaysia, a member of the Lion Group.
“Lion Group”	A diversified group of companies ultimately controlled by Tan Sri Cheng Heng Jem which comprise of, inter alia, LDHB, PHB, their subsidiaries and affiliates.
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
“Managed Stores”	Collectively, the 2007 Retail Assets and the Great Dignity Group

“PHB”	Parkson Holdings Berhad, a public limited liability company incorporated and domiciled in Malaysia, the shares of which are listed on the Main Board of Bursa Malaysia, a member of the Lion Group and the substantial shareholder of the Company.
“PRC”	the People’s Republic of China.
“Reorganisation Scheme”	The reorganisation scheme undertaken by LDHB to consolidate its retail businesses in Malaysia, Vietnam and the 2007 Retail Assets into ECIL. The Reorganisation Scheme was completed in September 2007
“Requested Waivers”	LDHB’s request that the Company: <ul style="list-style-type: none"> <li>(a) will not exercise the Call Option on the Great Dignity Group;</li> <li>(b) will not exercise the Right of First Refusal against the Great Dignity Group; and</li> <li>(c) consents to the transfer of LDHB’s right, benefits and interest in the Great Dignity Group in favour of PHB and ECIL.</li> </ul>
“Right of First Refusal”	the right granted by LDHB to the Company whereby LDHB agrees that in the event it intends to sell any of its equity interest in the Managed Stores, it shall first offer to sell the same to the Company, upon the terms and subject to the conditions contained in the Deed of Non-competition.
“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)
“2007 Retail Assets”	Collectively, Dalian Shishang Managed Store, Dalian Tianhe Managed Store, Dalian Tianhe Shenyang Managed Store, Qingdao Managed Store, Qingdao Laoshan Managed Store, Qingdao Yantai Managed Store and their respective holding companies

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, Mr KO Tak Fai, Desmond and Mr Yau Ming Kim, Robert are the independent non-executive directors of the Company.*

Hong Kong, 10 November 2009