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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 TRANSACTION:
TENANCY IN RESPECT OF A PROPERTY
IN MIANYANG CITY, SICHUAN PROVINCE, 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 10 of this circular.

The transaction 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 has been accepted in lieu of holding of a general meeting pursuant to the Listing Rules. This circular is being despatched to the Shareholders for information only.

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DEFINITIONS

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

“Announcement”	means the announcement of the Company dated 8 February 2023 regarding the Tenancy Transaction.
“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.
“Confirmation Letter”	means the Confirmation Letter dated 8 February 2023 executed by the Tenant and the Landlord in connection with the Tenancy Agreement.
“Cooperation Agreement”	means the Cooperation Agreement dated 21 December 2022 entered into between the Tenant and the Landlord in relation to the Property.
“Directors”	means the directors of the Company.
“Group”	means the Company and its subsidiaries.
“HK\$”	means Hong Kong Dollars, the lawful currency of Hong Kong.
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC.
“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.
“Landlord”	means Mianyang New Investment Industrial Co., Ltd.* (綿陽新投實業有限責任公司), a company established in the PRC.
“Latest Practicable Date”	means 21 February 2023, 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.

DEFINITIONS

“Model Code”	means the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 of the Listing Rules.
“MYR”	means Malaysian Ringgit, the lawful currency of Malaysia.
“Parties”	means collectively, the Tenant and the Landlord, and each of which shall be a “Party”.
“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.
“Property”	means the relevant parts of LG1, Level 1 to Level 4 of the building to be developed on the plot located at the east side of Chuangye Boulevard, Science and Technology City New District (Zhi Guan District), Mianyang City, Sichuan Province* (四川省綿陽市科技城新區(直管區)創業大道東側地塊), the PRC.
“RMB”	means Renminbi, the lawful currency of the PRC.
“SFO”	means the Securities and Futures 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.
“sq. m”	means square metres.
“Tenant”	means Mianyang Fulin Parkson Plaza Co., Ltd.* (綿陽富臨百盛廣場有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company.
“Tenancy Agreement”	means the Tenancy Agreement in respect of the tenancy of the Property to be entered into between the Landlord and the Tenant in accordance with the terms of the Confirmation Letter, the advance draft of which was attached as Schedule 1 to the Cooperation Agreement and as Schedule to the Confirmation Letter.

DEFINITIONS

“Tenancy Transaction” means the transactions relating to the tenancy of the Property, including the entering into of the Cooperation Agreement, Confirmation Letter and Tenancy Agreement.

“Term” means the term of the Tenancy Agreement, being 20 years from the actual date of commencement of operations by the Tenant at the Property, which is tentatively scheduled for 1 February 2026, provided that the Property be delivered by the Landlord to the Tenant by 30 July 2025.

“%” 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 Directors:

Dato' Sri Dr. Hou Kok Chung

Independent non-executive Directors:

Dato' Fu Ah Kiow
Mr. Yau Ming Kim, Robert
Datuk Koong Lin Loong

Registered office:

Third Floor, Century Yard,
Cricket Square
P.O. Box 902
Grand Cayman KY1-1103
Cayman Islands

Head office and principal place of business:

5th Floor, Metro Plaza
No. 555 Loushanguan Road
Changning District
Shanghai 200051
PRC

Principal place of business in Hong Kong:

Room 1010, 10th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

24 February 2023

To the Shareholders

Dear Sir/Madam,

**MAJOR TRANSACTION:
TENANCY IN RESPECT OF A PROPERTY
IN MIANYANG CITY, SICHUAN PROVINCE, THE PRC**

1. INTRODUCTION

The Board had on 8 February 2023, announced that the Tenant (an indirect wholly-owned subsidiary of the Company) and the Landlord had executed the Confirmation Letter, pursuant to which the Parties had agreed to the principal terms of the Tenancy Agreement to be entered into by the Parties in respect of the Property located in Mianyang City, Sichuan Province, the PRC. For details, please refer to the Announcement.

LETTER FROM THE BOARD

A summary of the principal terms of the Tenancy Agreement and the relevant information is set out below.

2. TENANCY AGREEMENT

2.1 Tenancy Agreement

Parties : Tenant: Mianyang Fulin Parkson Plaza Co., Ltd.* (綿陽富臨百盛廣場有限公司), an indirect wholly-owned subsidiary of the Company.

Landlord: Mianyang New Investment Industrial Co., Ltd.* (綿陽新投實業有限責任公司).

Property : relevant parts of LG1, Level 1 to Level 4 of the building to be developed on the plot located at the east side of Chuangye Boulevard, Science and Technology City New District (Zhi Guan District), Mianyang City, Sichuan Province* (四川省綿陽市科技城新區(直管區)創業大道東側地塊), the PRC.

Total gross area : approximately 60,000 sq. m; actual area to be confirmed by the measurements to be conducted by third party surveying and mapping agency within 30 days after the Property is delivered to the Tenant.

Term : 20 years from the actual date of commencement of operations by the Tenant at the Property, which is tentatively scheduled for 1 February 2026, provided that the Property be delivered by the Landlord to the Tenant by 30 July 2025.

Rental : The Tenant shall be entitled to a rent-free period during the first 365 days of the Term, and the rental period shall commence from the 366th day of the Term.

The monthly rental payable by the Tenant shall be in the form of either guaranteed rental or percentage rental, whichever amount is the higher, which shall each be calculated in the following manner:

- (a) guaranteed rental amount shall initially be RMB30 per sq. m per month, which shall be increased by 5% after 5 years, and shall thereafter be increased by 5% every 3 years.

LETTER FROM THE BOARD

(b) percentage rental amount shall be (i) in the case of non-sub-let parts of the Property, ranging from 1% to 3% of the net sales (after tax) of the Tenant, depending on the type of products sold; and (ii) in the case of sub-let parts of the Property, 30% of the net sub-rental income (after tax) of the Tenant. Any percentage rental amount paid in a financial year shall be reconciled and settled by the Parties after the end of that financial year based on financial data provided by the Tenant.

- Deposit : RMB1 million, which shall be applied towards the Tenant's final rental payment within the Term.
- Use : Operation of shopping centre, service projects such as wholesale logistics, catering, film and television, entertainment, bars and cafes, beauty and hair salons, wedding services, fitness centres, business activity centres, etc., setting up of offices, warehouses and other commercial projects within the scope of business operations of the Tenant, under the trademark and trade name of the “百盛” and “PARKSON” name and logo.
- Right to sub-let : The Tenant has the right to sub-let any part of the Property but may not transfer or sub-let the entire Property. The Landlord shall not interfere with the Tenant's operations and shall not directly or indirectly engage in any business operations in the Property.
- Renewal : If the Tenant wishes to renew the Tenancy Agreement, it shall serve a written request to the Landlord at least one year prior to the expiration of the Term, and the Tenant shall have priority to rent the Property under the same conditions. The Tenant and the Landlord shall sign a new tenancy agreement upon reaching mutual agreement on the tenancy terms.

In case of failure to reach mutual agreement, the Tenancy Agreement will be terminated upon expiration of the Term. The Landlord may then lease the Property to a third party provided that tenancy terms with the third party may not be more favourable than those offered to the Tenant.

LETTER FROM THE BOARD

Termination : Save as expressly provided, neither Party may terminate the Tenancy Agreement prior to the expiration of the Term.

The circumstances under which either Party may terminate the Tenancy Agreement include:

- (a) land requisition or forced demolition by the government;
- (b) the occurrence of force majeure events resulting in the inability to continue operations; and
- (c) mutual agreement between the Tenant and the Landlord.

The Tenant is also entitled to terminate the Tenancy Agreement early free from liability if, after four years of business operations at the Property, the Tenant has accumulated losses exceeding RMB40 million, provided that the Tenant shall give the Landlord 180 days' prior written notice.

3. BASIS FOR DETERMINATION OF THE RENTAL AND OTHER INFORMATION

As disclosed in the Company's announcement dated 25 October 2022, the tenancy for the Property was won by the Tenant through a successful bid in tender through the tender invitation by the Landlord. Since the Property is a state-owned property, the tender was subject to certain restrictions and key terms, including rental calculations. The Tenant had made its decision to submit a bid based on such key terms, in particular the rental amounts, with reference to the prevailing market rentals for properties of similar type, age and location.

The rental and any other amounts, e.g. water, electricity and gas costs, payable by the Tenant under the Tenancy Agreement are expected to be financed by the internal resources of the Group.

4. REASONS FOR AND BENEFITS OF THE TENANCY TRANSACTION

The Group has been operating and managing department stores and shopping centres for more than 20 years, and currently has 2 department stores and a gourmet supermarket in Mianyang City, Sichuan Province, where the Group has gained good reputation and market recognition. With its current presence in Mianyang City, the Board considers that the Tenancy Transaction plays an important role in the continued development of the Group's business in Mianyang City and is in line with the Group's development strategy. The Property is tailor-made for the Group, located in the new district of Mianyang City established in 2020, which is being developed by the local government as an important business circle. This would allow the Group to continue implementing its strategy of expanding its retail portfolio, reaching out to more customers at different consumption levels and therefore gaining more market share. The Board believes that the tenancy will have a positive impact on the future development of the Group.

LETTER FROM THE BOARD

The Board is of the view that the terms of the Tenancy Agreement, taken as a whole, are fair and reasonable, and also having taken into account the above reasons and benefits, considers that the Tenancy Transaction is in the interests of the Company and the Shareholders as a whole.

5. FINANCIAL EFFECTS OF ENTERING INTO THE TENANCY AGREEMENT

Pursuant to IFRS 16, the Tenancy Transaction will require the Group to recognise the Property as a right-of-use asset, the amount of which is approximately RMB159.5 million, calculated with reference to the present value of the rental payments as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire Term. Thus, the Tenancy Transaction and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. Upon commencement of the Term of the Tenancy Agreement, the Group will recognise the right-of-use asset of approximately RMB159.5 million, and a lease liability amounting to approximately RMB159.5 million will also be recognised by the Group. Set out below is the accounting treatment of the Group in relation to the right-of-use asset.

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

- (i) the right-of-use asset is an investment property and the Tenant fair the value of 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 Tenant applies IAS 16's revaluation model, where all right-of-use asset relating to that class of PPE can be revalued.

Under the cost model, the right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. The lease liability is initially measured at the present value of the rentals payable over the Term, discounted at the rate implicit in the tenancy if that can be readily determined. If that rate cannot be readily determined, the Tenant shall use their incremental borrowing rate.

6. INFORMATION ON THE PARTIES

6.1 The Group and the Tenant

The principal activities of the Group are the operation and management of a network of department stores in the PRC.

LETTER FROM THE BOARD

The Tenant is an indirect wholly-owned subsidiary of the Company principally engaged in the business of operation of department stores.

6.2 Landlord

The Landlord is a company established in the PRC and a state-owned enterprise, and is principally engaged in the business of property management and management of municipal facilities.

The Landlord is wholly-owned by Mianyang Science and Technology City New District Investment Holdings (Group) Co., Ltd.* (綿陽科技城新區投資控股(集團)有限公司), which is in turn held as to 81.60% by the Mianyang Science and Technology City New District Management Committee* (綿陽科技城新區管理委員會), 9.34% by China Agricultural Development Key Construction Fund Company Limited* (中國農發重點建設基金有限公司) and 9.06% by Sichuan Provincial Department of Finance* (四川省財政廳).

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

7. LISTING RULES IMPLICATIONS

7.1 Acquisition of Asset by the Company

Pursuant to IFRS 16, the Tenancy Transaction will require the Group to recognise the Property as a right-of-use asset. Thus the Tenancy Transaction and the transactions completed thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules.

7.2 Major Transaction

On the basis of the acquisition of right-of-use asset under the Tenancy Transaction, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB159.5 million calculated with reference to the present value of the rental payments as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the entire 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 Tenancy Transaction constitutes a major transaction of the Company, and is therefore subject to announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

LETTER FROM THE BOARD

To the best of the knowledge of the Directors, as at the Latest Practicable Date, no Shareholder or any of their respective associates has any material interest in the Tenancy Transaction and accordingly, none of the Shareholders is required to abstain from voting in favour of the resolution to approve the Tenancy Transaction.

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, has given its written approval on the Tenancy Transaction. The written approval of the aforesaid group of Shareholders has been accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

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.

8. RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that the terms of the Tenancy Agreement, taken as a whole, are fair and reasonable, and also having taken into account the above reasons and benefits, consider that the Tenancy Transaction is in the interests of the Company and the Shareholders as a whole.

9. 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

The financial information of the Group for the three years ended 31 December 2022, 2021 and 2020 respectively are disclosed in the following documents which had been published on both the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.parksongroup.com.cn), and can be accessible via the links as follows:

- annual results announcement of the Company for the year ended 31 December 2022 (pages 2 to 13)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2023/0220/2023022000703.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>
- annual report of the Company for the year ended 31 December 2020 (pages 94 to 248)
<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0415/2021041501224.pdf>

2. STATEMENT OF INDEBTEDNESS**Borrowings**

As at the close of business on 31 December 2022, being the latest practicable date for the purpose of this statement of indebtedness prior to the printing of this circular, the Group had aggregate outstanding secured interest-bearing borrowings of approximately RMB2,530 million.

Bank borrowings denominated in HK\$ of approximately RMB2,338 million bear a floating interest rate of 2.20% per annum over HIBOR. Bank borrowings denominated in MYR of approximately RMB192 million bear a floating interest rate of 2.25% per annum over KILBOR.

As at 31 December 2022, the Group's bank borrowings are secured by (i) mortgages over the Group's investment property, which had a net carrying amount of approximately RMB535 million; (ii) mortgages over the Group's buildings, which had a net carrying amount of approximately RMB1,415 million; (iii) mortgages over the Group's leasehold land, which had an aggregate carrying amount of approximately RMB331 million; and (iv) the pledge of trade receivables of approximately RMB269 million and unrealised receivables of approximately RMB85 million which will be due within 48 months.

As at 31 December 2022, items (i), (ii) and (iii) above were provided to secure the Group's bank borrowings denominated in HK\$, while item (iv) was provided to secure the Group's bank borrowings denominated in MYR.

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

Lease Liabilities

As at 31 December 2022, the Group had current and non-current lease liabilities of approximately RMB646 million and RMB2,854 million respectively, of which approximately RMB1,818 million were secured by rental deposits of approximately RMB74 million, and others were unsecured and unguaranteed.

General

Save as aforesaid, 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, loans, guarantees or other material contingent liabilities at the close of business on 31 December 2022.

For the purpose of the above statement of indebtedness, foreign currency amounts denominated other than RMB had been translated into RMB at the rates of exchange prevailing at the close of business on 31 December 2022.

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.

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.

Although the macro economy is expected to face instability in the near future, the Group remains optimistic about the prospects of the overall retail market in the PRC. With the continuous development of the PRC's economy, the increase in urbanization rate and the 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 will actively review market trends and study customer needs, expand product categories in Parkson retail stores, 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 two 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 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 market rent of the Property, to be leased to the Group, as at 8 February 2023.



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

24 February 2023

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

Dear Sirs,

Re: Relevant parts of LG1, Level 1 to Level 4 of the building to be developed on the plot located at the east side of Chuangye Boulevard, Science and Technology City New District (Zhi Guan District), Mianyang City, Sichuan Province* (四川省綿陽市科技城新區(直管區)創業大道東側地塊), the PRC (the “Property”)

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 rent of the Property, to be leased by Mianyang Fulin Parkson Plaza Co., Ltd.* (綿陽富臨百盛廣場有限公司), an indirect wholly-owned subsidiary 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 inspection, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of market rent of the Property as of 8 February 2023 (the “**Valuation Date**”).

* For identification purposes only

Valuation Basis

Our valuation of the Property 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 property 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 valuation is 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 HKIS Valuation Standards 2020.

Valuation Assumption

Our valuation of the Property exclude 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 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 the Property is on a 100% interest basis.

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

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

Method of Valuation

In valuing the Property, 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 Property under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the Property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the Property.

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 Property, tenancy information, particulars of occupancy, site and floor area and all other relevant matters.

Dimensions, measurements and areas included in the valuation reports 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 Property 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 Property in the PRC and we have therefore relied on the advice given by the Group regarding the interests of the Group in the Property the PRC.

In valuing the Property, we have assumed that the owner of the 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

Ms. Tina She, with 5 years of experience in property valuation in the PRC, of our Chengdu office inspected the exterior and, wherever possible, the interior of the Property on 10 January 2023. However, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary costs or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor area of the Property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all sums stated in our valuation are in Renminbi (“RMB”), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the Property 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 our valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Philip C Y Tsang
Registered Professional Surveyor (General Practice)
MSc, MHKIS
Director

Note: Mr. Philip C Y Tsang is Registered Professional Surveyor who has over 30 years' experience in the valuation of properties in the PRC.

VALUATION REPORT

The Property to be leased for owner occupation by the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market Rent in existing state as at 8 February 2023
Relevant parts of LG1, Level 1 to Level 4 of the building to be developed on the plot located at the east side of Chuangye Boulevard, Science and Technology City New District (Zhi Guan District), Mianyang City, Sichuan Province* (四川省綿陽市科技城新區(直管區)創業大道東側地塊), the PRC	<p>A proposed commercial development will be erected on a parcel of land with a total site area of approximately 23,996.74 sq. m.</p> <p>According to the information provided by the Company, the Property will comprise relevant parts of LG1, Level 1 to Level 4 of the proposed commercial development. The Property will have a total gross floor area of approximately 60,000 sq. m.</p> <p>The Property is located at the intersection of Chuangye Boulevard and Yuanxing East Street, Mianyang City. Developments nearby are mainly commercial and residential blocks.</p> <p>According to the Company, the Property is for commercial use; there is no environmental issues and litigation dispute; there is no plan for change the use of the Property.</p> <p>The land use rights of the Property have been granted for a term of 40 years for commercial service facility land.</p>	<p>As at the Valuation Date, the Property is a piece of land.</p> <p>The Property is tailor-made for the Group and is scheduled to be completed on 30 July 2025.</p>	<p>RMB21,672,000</p> <p>(TWENTY ONE MILLION SIX HUNDRED SEVENTY TWO THOUSAND) per year, inclusive of VAT but exclusive of management fee, for the first year.</p> <p>(Please see Note 1 below.)</p>

Notes:

- (1) The rental valuation is conducted on the assumption that the Property as if completed and is let for a term of 20 years from the Valuation Date with tenancy details as below:

The Property:	Relevant parts of LG1, Level 1 to Level 4 of the building to be developed on the plot located at the east side of Chuangye Boulevard, Science and Technology City New District (Zhi Guan District), Mianyang City, Sichuan Province* (四川省綿陽市科技城新區(直管區)創業大道東側地塊), the PRC
Total Gross Floor Area:	approximately 60,000 sq. m

Lease Term: 20 years from the actual date of commencement of operations by the Tenant at the Property, which is tentatively scheduled for 1 February 2026, provided that the Property be delivered by the Landlord to the Tenant by 30 July 2025.

Rent Calculation Date: The rental period shall commence from the 366th day of the Term.

Yearly Rent for 1st Year: RMB21,672,000 inclusive of VAT but exclusive of management fee

Rent Payable	Year	Yearly Rent	Monthly Unit Rent	Rent Payable Period
		Payable inclusive of VAT but exclusive of management fee (RMB)	(RMB/sq m) (increase 5% after 5 years of rent payable period and will increase 5% every 3 years thereafter)	
	1	0	30.10	No rent is payable for the first 365 days.
	2	21,672,000	30.10	Yes
	3	21,672,000	30.10	Yes
	4	21,672,000	30.10	Yes
	5	21,672,000	30.10	Yes
	6	21,672,000	30.10	Yes
	7	22,755,600	31.61	Yes
	8	22,755,600	31.61	Yes
	9	22,755,600	31.61	Yes
	10	23,893,380	33.19	Yes
	11	23,893,380	33.19	Yes
	12	23,893,380	33.19	Yes
	13	25,088,049	34.84	Yes
	14	25,088,049	34.84	Yes
	15	25,088,049	34.84	Yes
	16	26,342,451	36.59	Yes
	17	26,342,451	36.59	Yes
	18	26,342,451	36.59	Yes
	19	27,659,574	38.42	Yes
	20	27,659,574	38.42	Yes

Use: Operation of shopping centre, service projects within the scope of business operations of the Tenant, under the trademark and trade name of the “百盛” and “PARKSON” name and logo.

(2) According to Land Use Rights Grant Contract No. 510600-2022KC-0005, the land of the Property is held by the Landlord as below:

- (i) Grantee : Mianyang New Investment Industrial Co., Ltd.* (綿陽新投資實業有限責任公司), a third party independent of, and not connected with the Company and its connected persons.
- (ii) Location : East Chuangye Boulevard, Science and Technology City New District
- (iii) Site Area : 23,996.74 sq. m
- (iv) Land Use : Commercial service facility land
- (v) Plot Ratio : ≤ 4.0
- (vi) Land Premium : 142,434,300
- (vii) Land Use Term : 40 years.

(3) According to Planning Permit for Construction Use of Land No. 510700202200128, the construction site of a parcel of land with a total site area of 23,996.74 sq m is in compliance with urban planning requirements.

(4) We have adopted Market Comparison Method to select the relevant rent comparable. We have made reference to some rent comparable to the Property and nearby development. The rent comparable selected by us are exhaustive. In arriving at the key assumptions, appropriate adjustments and analysis are considered to the differences in several aspects including but not limited to time, location and physical characteristics between the Property and the comparable properties. The general basis of adjustment is if the Property is better than the comparable properties, an upward adjustment is made. Alternatively, if the Property is inferior or less desirable than the comparable properties, a downward adjustment is made.

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 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 in 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, 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 NDT (Emperor) Co., Ltd.	Corporate interest	Parkson Properties Holdings Co., Ltd.	Parkson Properties Holdings Co., Ltd.	2 ordinary shares	100%
Parkson Properties Hanoi Co., Ltd.	Corporate interest	Parkson Properties Holdings Co., Ltd.	Parkson Properties Holdings Co., Ltd.	1 ordinary share	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 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%
Parkson Credit Holdings Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Centro Retail Pte. Ltd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	2 ordinary shares (SGD)	100%
PT. Tozy Sentosa (Put into bankruptcy on 17 May 2021)	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	1 ordinary share (MYR)	100% (in aggregate)
		Centro Retail Pte. Ltd.	Centro Retail Pte. Ltd.	45,000 Series A common shares	
		Parkson Retail Asia Limited	Parkson Retail Asia Limited	5,000 Series A common shares	
Parkson Corporation Sdn. Bhd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	30,355,850 Series B preference shares	100%
		Parkson Retail Asia Limited	Parkson Retail Asia Limited	82,000,002 ordinary shares	
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%

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
Idaman Erajuta Sdn. Bhd.	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	2 ordinary shares	100%
Magna Rimbun 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%
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%

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
Megan Mastika Sdn. Bhd.	Corporate interest	Magna Rimibun Sdn. Bhd.	Magna Rimibun 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%
Parkson Myanmar Asia Pte. Ltd.	Corporate interest	Parkson Myanmar Investment Company Pte. Ltd.	Parkson Myanmar Investment Company Pte. Ltd.	30,000 ordinary shares (USD) 1 ordinary share (SGD)	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 53,719,999 redeemable convertible cumulative preference shares	100% (in aggregate)

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 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), 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.

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 of the Company 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%
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%

Name of Shareholder	Long/Short Positions	Nature of Interest	Number of Shares	Percentage of Shareholding (direct or indirect)
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:

- 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.
- 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.
- 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 security 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.
- 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.
- 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 of the Company 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
Xinjiang Friendship (Group) Co., Ltd. (“ Xinjiang Youhao ”) (Note 1)	Xinjiang Youhao Parkson Development Co., Ltd. (“ Xinjiang Parkson ”)	49%
Wuxi Supply and Marketing Group Co., Ltd. (“ Wuxi Supply and Marketing ”) (Note 2)	Wuxi Sanyang Parkson Plaza Co., Ltd. (“ Wuxi Parkson ”)	40%
Guizhou Shenqi Enterprise Co., Ltd. (“ Guizhou Shenqi Enterprise ”) (Note 3)	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 4)	71%
Shanghai Nine Sea Industry	Shanghai Nine Sea Parkson Plaza Co., Ltd. (“ Shanghai Nine Sea Parkson ”) (Note 5)	29%
E-Land Fashion Hong Kong Limited (“ E-Land Hong Kong ”) (Note 6)	Parkson Newcore Retail Shanghai Ltd. (“ Parkson Newcore ”)	51%
E-Land Hong Kong (Note 7)	Nanchang Parkson Newcore Retail Ltd. (“ Nanchang Newcore ”) (Note 7)	51%
Koh Wee Lit	Habitat Blue Sdn. Bhd.	40.55%

Substantial Shareholder	Member of the Group	Percentage of Equity Interest Held
Bernice Cheong Nyuk Siew	Habitat Blue Sdn. Bhd.	16.67%

Notes:

1. Xinjiang Youhao owns 49% of the equity interest of Xinjiang Parkson.
2. Wuxi Supply and Marketing owns 40% of the equity interest of Wuxi Parkson.
3. (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.
4. 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.
5. 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.
6. 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.
7. 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 of the Company 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:

- (a) Tan Sri Cheng Heng Jem (an executive Director) entered into a letter of appointment with the Company in November 2020, pursuant to which he was appointed, and he has agreed to act as an executive Director for: (i) a term of three years commencing from 9 November 2020; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Tan Sri Cheng Heng Jem is HK\$249,240.
- (b) Juliana Cheng San San (an executive Director) entered into a letter of appointment with the Company in August 2021, pursuant to which she was appointed, and she has agreed to act as an executive Director for: (i) a term of three years commencing from 28 August 2021; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Juliana Cheng San San is HK\$249,240.
- (c) Dato' Sri Dr. Hou Kok Chung (a non-executive Director) entered into a letter of appointment with the Company in November 2020, pursuant to which he was appointed and has agreed to act as a non-executive Director for: (i) a term of three years commencing from 13 November 2020; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Dato' Sri Dr. Hou Kok Chung is HK\$249,240.

- (d) Dato' Fu Ah Kiow (an independent non-executive Director) entered into a letter of appointment with the Company in November 2020, pursuant to which he was appointed, and he has agreed to act as an independent non-executive Director for: (i) a term of three years commencing from 13 November 2020; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Dato' Fu Ah Kiow is HK\$249,240.

- (e) Yau Ming Kim, Robert (an independent non-executive Director) entered into a letter of appointment with the Company in January 2021, pursuant to which he was appointed, and he has agreed to act as an independent non-executive Director for: (i) a term of three years commencing from 1 January 2021; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Yau Ming Kim, Robert is HK\$249,240.

- (f) Datuk Koong Lin Loong (an independent non-executive Director) entered into a letter of appointment with the Company in February 2021, pursuant to which he was appointed, and he has agreed to act as an independent non-executive Director for: (i) a term of three years commencing from 22 February 2021; and (ii) an annual Director's fee as stipulated in the letter of appointment (or such amount as adjusted by the Board from time to time). The annual Director's fee payable by the Company to Datuk Koong Lin Loong is HK\$249,240.

Save as disclosed above, 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 2022, 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 be required 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 2022, 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.
- (b) On 30 November 2021, Shanghai Hongqiao Parkson Development Co., Ltd.* (上海虹橋百盛商貿有限公司)(an indirect wholly-owned subsidiary of the Company) as vendor and Shanghai Shunyu Brand Management Co., Ltd.* (上海順羽品牌管理有限公司) as purchaser entered into equity transfer agreement (the “**Shanghai Delight Food Agreement**”) in respect of the disposal of the entire equity interest in Shanghai Delight Food Co., Ltd.* (上海暢悅食品有限公司)(“**Shanghai Delight Food**”) for a consideration of an amount of RMB2,400,000.
- (c) On 6 September 2021, Parkson Investment Holdings Co., Ltd.* (金獅百盛投資有限公司)(“**Parkson Investment**”) (an indirect wholly-owned subsidiary of the Company), Shanghai Yuehuanshu Enterprise Management Co., Ltd.* (上海樾寰曙企業管理有限公司)(“**Shanghai Yuehuanshu**”), Hongxiang Real Estate Co., Ltd.* (鴻翔房地產有限公司)(“**Hongxiang Real Estate**”), Shanghai Shengrui Commercial Management Co., Ltd.* (上海盛蕤商業管理有限公司)(“**Shanghai Shengrui**”), Jiaxing Gold Lion Real Estate Development Co., Ltd.* (嘉興金獅房地產開發有限公司)(“**Jiaxing Gold Lion**”) and Jiaxing Lion Retail Management Co., Ltd.* (嘉興金獅商業管理有限公司) entered into a withdrawal framework agreement in respect of a series of withdrawal arrangements to implement the Group’s withdrawal from Jiaxing Gold Lion with the total consideration of the withdrawal arrangements amounted to RMB379.90 million (the “**Withdrawal Framework Agreement**”). Pursuant to the Withdrawal Framework Agreement, among others, Parkson Investment (as transferor) transferred the entire equity interest in Shanghai Shengrui to Shanghai Yuehuanshu (as transferee) at a consideration of approximately RMB0.26 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 2022 and up to and including the Latest Practicable Date.

12. EXPERT AND CONSENT

Name	Qualification
Cushman & Wakefield Limited	Independent property valuer

The above expert has given and has not withdrawn its written consent to the issue of the circular with the inclusion of its letters or opinions or advice and the references to its name in the form and context in which they appear.

As at the Latest Practicable Date, the above expert 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 2022 (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 Cooperation Agreement;
- (b) the Confirmation Letter;
- (c) an advanced draft of the Tenancy Agreement;
- (d) the valuation report from Cushman & Wakefield Limited, the text of which is set out in Appendix II to this circular;
- (e) the letter of consent from the expert referred to in paragraph 12 in this appendix; and
- (f) this circular.

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