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PARKSON 百盛
PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 03368 & 05936)

**INSIDE INFORMATION:
LEGAL PROCEEDINGS**

This announcement is made by Parkson Retail Group Limited (the “**Company**” and, together with its subsidiaries, the “**Group**”) pursuant to the inside information provisions under part XIVA of the Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong) and Rule 13.09(2)(a) of The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

The Company hereby announces that (i) Changshou Parkson Retail Development Co., Ltd.* (常熟百盛商業發展有限公司) (“**Parkson Development**”) and (ii) Parkson Investment Holdings Co., Ltd.* (金獅百盛投資有限公司) (“**Parkson Investment**”), both indirect wholly-owned subsidiaries of the Company established in the People’s Republic of China (the “**PRC**”), are involved in a litigation (the “**Litigation**”) as disclosed in this announcement.

1. BACKGROUND

- (a) Parkson Investment as tenant and Changshou Hang Lung Properties Co., Ltd.* (常熟市恆隆置業有限公司) (the “**Landlord**”) as landlord had entered into a tenancy agreement in December 2008 (the “**Original Tenancy Agreement**”) in respect of the premises located at the first floor underground and the five floors above ground of Hang Lung Centre, 106 Fangta Street, Changshou, Jiangsu (江蘇省常熟市方塔街106號恆隆中心地下一層至地上五層) (the “**Premises**”) which are used by Parkson Development as department store as at the date of this announcement.
- (b) On 10 July 2009, Parkson Investment, Parkson Development and the Landlord entered into an agreement in relation to the transfer of the tenancy under the Original Tenancy Agreement, pursuant to which Parkson Development replaced Parkson Investment as the tenant under the Original Tenancy Agreement.
- (c) Parkson Development has received (i) a notice of assistance in enforcement dated 14 July 2016 (the “**Enforcement Notice**”) issued by the Intermediate People’s Court of Suzhou, Jiangsu Province* (江蘇省蘇州市中級人民法院) (the “**Court**”) together with (ii) a civil judgment dated 7 June 2016 (the “**Judgement**”) issued by the Court in relation to a dispute in connection with a loan agreement (the “**Loan Agreement**”) of which (i) China Construction Bank Corporation, Changshou Branch (the “**Plaintiff**”) is the plaintiff and (ii) the Landlord, Parkson Development, Parkson Investment and three other parties are defendants (collectively, “**Defendants**”).

2. THE JUDGEMENT AND THE ENFORCEMENT NOTICE

2.1 The Judgement

According to the Judgement:

- (a) the Plaintiff had applied to the Court for an order on preservation of properties and requested that the bank deposits of the Defendants in the amount of RMB212,405,363, or an equivalent value of other assets, be frozen;
- (b) the application of the Plaintiff described in paragraph (a) above was accepted by the Court which ordered that the bank deposits of the Defendants in the amount of RMB212,405,363, or an equivalent value of other assets, be frozen;
- (c) the Judgement shall be enforced immediately upon being served; and
- (d) the Defendants may apply for review of the Judgement. The enforcement of the Judgement will not be suspended pending the review.

2.2 The Enforcement Notice

According to the Enforcement Notice, Parkson Development was requested to cease payment of rental for the Premises to the Landlord from 14 July 2016 to 13 July 2018.

3. OTHER INFORMATION

To the best of the knowledge, information and belief of the directors of the Company having made all reasonable enquiries:

- (a) the Group does not have any knowledge on the Litigation until Parkson Development had received the Enforcement Notice with the Judgement attached thereto, nor was there any pending or threatened litigation or claim in relation to the Litigation against any member of the Group prior to Parkson Development's receipt of the Enforcement Notice; and
- (b) none of the bank deposits of Parkson Development or Parkson Investment has been frozen as at the date of this announcement and neither Parkson Development nor Parkson Investment has received any notice in relation to the enforcement of the Judgement except for the Enforcement Notice.

The Company has appointed a PRC legal adviser (the "**PRC Legal Adviser**") to advise the Group on the Litigation. The Company has received an advice from the PRC Legal Adviser earlier today that based on the information available as at the date of this announcement, there is no reasonable ground to explain why Parkson Development and Parkson Investment are involved in the Litigation. The Company is seeking further information and clarification in this regard and will issue further announcement(s) as and when appropriate.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of the Company.

* *For identification purposes only*

By Order of the Board
PARKSON RETAIL GROUP LIMITED
Tan Sri Cheng Heng Jem
Executive Director & Chairman

18 July 2016

As at the Announcement Date, the Executive Directors are Tan Sri Cheng Heng Jem, Mr. Chong Sui Hiong and Ms. Juliana Cheng San San, the Non-executive Directors are Datuk Lee Kok Leong and Dato' Dr. Hou Kok Chung and the Independent Non-executive Directors are Dato' Fu Ah Kiow, Mr. Ko Tak Fai, Desmond and Mr. Yau Ming Kim, Robert.

* *For ease of reference, the names of the PRC established companies or entities have generally been included in this announcement in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*