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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 the Company pursuant to the inside information provisions under part XIVA of the SFO 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 Hefei Parkson, an indirect wholly-owned subsidiary of the Company, is involved as one of the defendants in a litigation (the “**Litigation**”) as disclosed in this announcement.

1. BACKGROUND

- (a) Dalian Tianhe Parkson is a company established in the PRC and is owned as to (i) 60% by Serbadagang, a connected person of the Company by virtue of its being a wholly-owned subsidiary of PHB, the ultimate holding company of the Company in which the Chairman and his spouse, through their interest and a series of companies in which they have a substantial interest, are deemed to have a controlling interest in the Company for purposes of the SFO; and (ii) 40% by the Plaintiff.
- (b) Xinhui and an independent third party were the initial registered shareholders of Anshan Parkson, holding the Anshan Majority Interests and 49% of the equity interests of Anshan Parkson respectively.
- (c) In April 2004, Xinhui transferred the Anshan Majority Interests to Hefei Parkson pursuant to the Relevant SPA at the consideration of RMB5,100,000.
- (d) The Group acquired Creation (Hong Kong), which held 49% of the equity interests of Anshan Parkson at the material time, as disclosed in the announcement of the Company dated 23 April 2007.
- (e) After completion of the Group’s acquisition of Creation (Hong Kong) referred to in paragraph (d) above, Anshan Parkson became an indirect wholly-owned subsidiary of the Company.

- (f) The Plaintiff alleged that (i) Xinhui held the Anshan Majority Interests as the nominee of Dalian Tianhe Parkson and (ii) the disposal of the Anshan Majority Interests through the Relevant SPA was made without the agreement of the board of directors of Dalian Tianhe Parkson (the “**Plaintiff’s Allegations**”) and initiated a legal proceeding in its capacity as a shareholder of Dalian Tianhe Parkson in 2011 seeking (i) a ruling that the Relevant SPA was void from the beginning; and (ii) Hefei Parkson shall return to Xinhui the Anshan Majority Interests.
- (g) In 2014, the Dalian Intermediate Court ruled that the Plaintiff did not have the legal standing to initiate legal proceedings on behalf of Dalian Tianhe Parkson. The Plaintiff disagreed with the aforesaid ruling and appealed to the Liaoning High Court.
- (h) By virtue of a judgement given by the Liaoning High Court dated 21 November 2014, the Liaoning High Court revoked the decision of the Dalian Intermediate Court referred to in paragraph (g) above and ordered a re-trial of the Plaintiff’s Allegations at the Dalian Intermediate Court.
- (i) The re-trial in relation to the Plaintiff’s Allegations commenced in December 2016 at which the Plaintiff requested that (i) the Relevant SPA be ruled as void from the beginning and (ii) Hefei Parkson shall return the Anshan Majority Interests to Xinhui. At the time, the Group was advised by the PRC Legal Advisers that the Plaintiff’s claim was without merit and the PRC Legal Advisers expected that Hefei Parkson would prevail in the Litigation.

2. THE JUDGEMENT

2.1 The Judgement

According to the Judgement, the Dalian Intermediate Court ruled that:

- (a) the Relevant SPA is void;
- (b) Hefei Parkson shall return the Anshan Majority Interests to Xinhui within 10 days after the Judgement has come into effect; and
- (c) Dalian Tianhe Parkson shall return the consideration for the transfer of the Anshan Majority Interests in the amount of RMB5,100,000 to Hefei Parkson within 10 days after the Judgement has come into effect.

2.2 Further information relating to the Judgement

The Company has sought advice from the PRC Legal Advisers and understands that:

- (a) the Judgement will not come into effect if Hefei Parkson appeals within the period prescribed by the PRC laws and, if Hefei Parkson appeals, the Plaintiff’s claims will be determined by the court of appeal; and

- (b) even if the Relevant SPA is void from the beginning, the Plaintiff must initiate separate legal proceedings should it wish to make any claims in respect of the fact that the Relevant SPA was void from the beginning other than those disclosed in paragraph 1(i) above.

As at the Announcement Date and having taken into account the advice of the PRC Legal Advisers, the Company is of the view that the Plaintiff's claim is without merit and the Company intends to appeal against the Judgement.

3. IMPACT OF THE LITIGATION ON THE GROUP

Anshan Parkson is an indirect wholly-owned subsidiary of the Company. The principal business of Anshan Parkson is the operation and management of a department store located at No. 88 Er Dao Street, Tie Dong District, Anshan, Liaoning Province of the PRC. The revenue generated by Anshan Parkson represents approximately 4.25% of audited revenue of the Group for the financial year ended 31 December 2016 and the operation of Anshan Parkson alone generated a net profit of RMB38,534,000 for the financial year ended 31 December 2016 as compared with the net profit of the Group after tax for the financial year ended 31 December 2016 in the amount of RMB154,129,000.

Based on the information available to the Board as at the Announcement Date, the Board is of the opinion that should Hefei Parkson be unsuccessful in its appeal against the Judgement and the Group loses the Anshan Majority Interests thereby resulting in Anshan Parkson ceasing to be a subsidiary of the Company, it is expected that there would not be a material adverse impact on the business and operation of the Group.

Further announcement(s) in relation to the Litigation will be issued by the Company as and when appropriate. In the meantime, **shareholders of the Company and potential investors are advised to exercise caution when dealing in the securities of the Company.**

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms have the following meanings:

“ Announcement Date ”	the date of this announcement, being 6 March 2017
“ Anshan Majority Interests ”	51% of the equity interests of Anshan Parkson
“ Anshan Parkson ”	Anshan Tianxing Parkson Shopping Centre Company Limited* (鞍山天興百盛購物中心有限公司), a company established in the PRC and a subsidiary of the Company
“ Board ”	the board of Directors
“ Chairman ”	Tan Sri Cheng Heng Jem, the chairman of the Company and an executive Director
“ Company ”	Parkson Retail Group Limited, a company incorporated in the Cayman Islands

“Creation (Hong Kong)”	Creation (Hong Kong) Investment & Development Limited, a company incorporated in Hong Kong and a wholly-owned subsidiary of the Company
“Directors”	the directors of the Company
“Dalian Intermediate Court”	the Intermediate People’s Court of Dalian, Liaoning Province (遼寧省大連市中級人民法院)
“Dalian Tianhe Parkson”	Dalian Tianhe Parkson Shopping Mall Company Limited* (大連天河百盛購物中心有限公司), a company established in the PRC
“Group”	the Company and its subsidiaries
“Hefei Parkson”	Hefei Parkson Xiaoyao Plaza Company Limited* (合肥百盛逍遙廣場有限公司), a company established in the PRC and a wholly-owned subsidiary of the Company
“Liaoning High Court”	the People’s High Court of Liaoning* (遼寧省高級人民法院)
“Judgement”	the judgment dated 28 February 2017 given by the Dalian Intermediate Court in respect of the Plaintiff’s Allegations and received by the Company on 6 March 2017
“PHB”	Parkson Holdings Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad
“Plaintiff”	Dalian Tianhe Building Company Limited* (大連天河大廈有限公司), a company established in the PRC
“PRC”	the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“PRC Legal Adviser”	the legal advisers of the Company as to the laws of the PRC
“Relevant SPA”	the equity interests transfer agreement entered into between Xinhui and Hefei Parkson on 12 April 2004 whereby Xinhui transferred the Anshan Majority Interests to Hefei Parkson
“Serbadagang”	Serbadagang Holdings Sdn. Bhd., a private limited liability company incorporated and domiciled in Malaysia and a wholly-owned subsidiary of PHB

“SFO”	Securities and Futures Ordinance (Cap 571 of the Laws of Hong Kong)
“Xinhui”	Shenzhen Xinhui Industrial Company Limited* (深圳市鑫輝實業有限公司), a company established in the PRC

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

6 March 2017

As at the Announcement Date, the Executive Directors of the Company are Tan Sri Cheng Heng Jem, Mr. Chong Sui Hiong and Ms. Juliana Cheng San San, the Non-executive Director is 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.*