

**PARKSON RETAIL ASIA LIMITED**  
**(the "Company")**  
Company Registration Number: 201107706H  
Incorporated in the Republic of Singapore

**ANNOUNCEMENT**

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**PROPOSED SALE OF SHARES IN THE COMPANY**

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The Board of Directors refers to the announcements (the "**Announcements**") by Parkson Holdings Berhad ("**PHB**") and Parkson Retail Group Limited ("**PRG**") today, copies of which are attached with this announcement. Capitalised terms used herein shall, unless the context otherwise requires, bear the meanings ascribed to them in the Announcements.

As set out in the Announcements, PHB and its wholly-owned subsidiary, East Crest International Limited ("**East Crest**"), have on 15 July 2015 entered into a sale and purchase agreement with PRG, a 53.1% owned subsidiary of PHB, and Oroleon (Hong Kong) Limited ("**Oroleon**"), a wholly-owned subsidiary of PRG, to dispose of 457,933,300 ordinary shares in the Company held by East Crest to Oroleon ("**Proposal**") as part of an internal reorganisation of the PHB Group. Shareholders should refer to the Announcements for further details on the Proposal.

The Company will keep the market informed, if it becomes aware of any significant developments in this regard, by making the appropriate announcement in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited.

The Company wishes to advise shareholders to exercise caution when dealing in the shares of the Company and to refrain from taking any action in respect of their shares in the Company which may be prejudicial to their interests.

By Order of the Board  
**PARKSON RETAIL ASIA LIMITED**  
Toh Peng Koon  
Executive Director and Chief Executive Officer

15 July 2015

## PARKSON HOLDINGS BERHAD ("PHB" OR THE "COMPANY")

PROPOSED INTERNAL REORGANISATION OF PHB'S GROUP STRUCTURE WHICH ENTAILS THE PROPOSED DISPOSAL OF THE ENTIRE 67.6% EQUITY INTEREST IN PARKSON RETAIL ASIA LIMITED HELD BY EAST CREST INTERNATIONAL LIMITED, A WHOLLY-OWNED SUBSIDIARY OF PHB, TO OROLEON (HONG KONG) LIMITED, A WHOLLY-OWNED SUBSIDIARY OF PARKSON RETAIL GROUP LIMITED WHICH IN TURN IS A 53.1% OWNED SUBSIDIARY OF PHB

This Announcement is dated 15 July 2015.

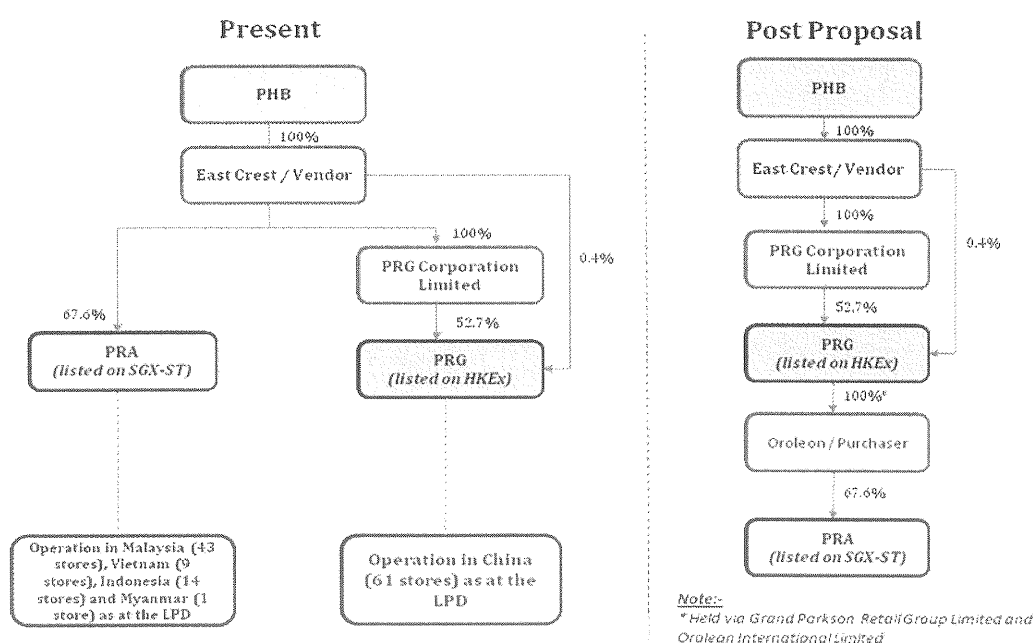
### 1. INTRODUCTION

On behalf of the Board of Directors of PHB ("Board"), AmInvestment Bank Berhad ("AmInvestment Bank") is pleased to announce that PHB, East Crest International Limited ("East Crest"), a wholly-owned subsidiary of PHB, Parkson Retail Group Limited ("PRG"), a 53.1% owned subsidiary of PHB listed on The Stock Exchange of Hong Kong Limited ("The HKEx"), and Oroleon (Hong Kong) Limited ("Oroleon"), a wholly-owned subsidiary of PRG, had on 15 July 2015 entered into a sale and purchase agreement ("Agreement") for the proposed disposal of 457,933,300 ordinary shares in Parkson Retail Asia Limited ("PRA"), a company whose shares are listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited ("SGX-ST"), representing approximately 67.6% of the total issued share capital of PRA ("Sale Shares") held by East Crest to Oroleon, for a cash consideration of SGD228,508,716.70 (equivalent to approximately RM641,423,968) ("Consideration") or SGD0.499 per Sale Share ("Proposal").

Unless otherwise stated, the exchange rate for the purpose of this Announcement is assumed to be SGD1.00 : RM2.8070.

### 2. DETAILS OF THE PROPOSAL

As at the date of this Announcement, PRA is a 67.6% owned subsidiary of East Crest which in turn is a wholly-owned subsidiary of PHB. Upon completion of the Proposal, PRA will become a subsidiary of PRG and will remain a subsidiary of PHB through PHB's interest in PRG. The group structure before and after the Proposal are as follows:-



**Note:-**

(a) The shareholdings as depicted above is as at 6 July 2015, being the last practicable date prior to this Announcement ("LPD")

## 2.1 Information on PRA

PRA is a public company incorporated in Singapore on 31 March 2011 under the Singapore Companies Act, Cap. 50. The shares of PRA were listed and quoted on the Main Board of SGX-ST on 3 November 2011.

The principal activity of PRA is investment holding whilst its subsidiaries are principally involved in the operation of department stores. PRA and its subsidiaries ("**PRA Group**") have an extensive network of 67 stores (including one supermarket) as at the LPD, spanning across cities in Malaysia, Vietnam, Indonesia and Myanmar.

As at the LPD, the share capital of PRA is SGD231,676,000 divided into 677,300,000 ordinary shares ("**PRA Share(s)**"), all of which are fully paid-up.

As at the LPD, PRA is a 67.6% owned subsidiary of East Crest which in turn is a wholly-owned subsidiary of PHB.

As at the LPD, the Directors of PRA are Tan Sri Cheng Heng Jem, Toh Peng Koon, Tan Siang Long, Datuk Lee Kok Leong, Wee Kheng Jin, Gen (R) Tan Sri Dato' Seri Mohd. Zahidi Bin Haji Zainuddin, Tan Soo Khoon and Michel Grunberg.

Please refer to **Appendix I** for a summary of the PRA Group's audited financial statements for the financial years ended ("**FYE**") 30 June 2012 to 30 June 2014 and unaudited nine (9) months financial period ended ("**FPE**") 31 March 2015.

## 2.2 Information on Oroleon

Oroleon was incorporated in Hong Kong under the Companies Ordinance on 10 October 2007 as a private limited company under its present name. Oroleon is an investment holding company and a wholly-owned subsidiary of PRG.

As at the LPD, the issued and paid-up share capital of Oroleon is HKD1.00 comprising one (1) ordinary share.

As at the LPD, the Directors of Oroleon are Juliana Cheng San San and Low Kim Tuan.

## 2.3 Salient Terms of the Agreement

The salient terms of the Agreement include, inter-alia, the following:-

### 2.3.1 Encumbrances

The Sale Shares to be acquired by Oroleon shall be free from all liens, charges and encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date of the Agreement.

### 2.3.2 Consideration

The Consideration payable for the Sale Shares shall be SGD228,508,716.70 (equivalent to approximately RM641,423,968), which shall be satisfied in cash by Oroleon at completion of the Proposal.

### 2.3.3 Conditions Precedent

The completion of the Proposal is conditional upon the fulfilment or waiver of, as the case may be, the conditions precedent, including without limitation to the following ("**Conditions Precedent**"), on or before the expiry of six (6) months from the date of the Agreement (or such other date as Oroleon and East Crest may agree in writing) ("**Long Stop Date**"):-

- (a) Oroleon having completed due diligence of the PRA Group to its satisfaction;
- (b) PRA having obtained all necessary approvals, licenses and permits required under its articles of association, applicable laws, rules and regulations in respect of, among other things, the transactions contemplated under the Agreement;
- (c) the PRA Group having obtained all necessary consents and waivers required under contractual arrangements in respect of, among other things, the transactions contemplated under the Agreement;
- (d) the SIC Ruling (as defined below) having been obtained by PRG and remaining in force and not being revoked or withdrawn on the completion date;
- (e) PHB having obtained its shareholders' approval and all other necessary approvals required under its articles of association, applicable laws, rules and regulations, including pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("**Bursa Securities**") ("**Listing Requirements**"), in respect of, among other things, the transactions contemplated under the Agreement;
- (f) PRG having obtained all necessary approvals for the transactions contemplated under the Agreement required under its articles of association, applicable laws, rules and regulations, including the passing by its independent shareholders at the extraordinary general meeting ("**EGM**") of all resolutions required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("**HK Listing Rules**");
- (g) the current listing of the PRA Shares not having been withdrawn, the PRA Shares continuing to be traded on the SGX-ST prior to the completion date (save for any trading halt); and
- (h) Oroleon being satisfied with the financing arrangements in connection with the transactions contemplated under the Agreement and such financing arrangements being in compliance with all applicable laws, regulations, including the HK Listing Rules.

SIC Ruling is defined as the ruling from the Securities Industry Council of Singapore ("**SIC**") that Oroleon will not be required under Rule 14.1 of The Singapore Code on Take-overs and Mergers to make a mandatory general offer for PRA as a result of the transactions contemplated under the Agreement ("**SIC Ruling**").

All the Conditions Precedent above (save and except for paragraphs (b), (e) and (f) above) may be waived by Oroleon in writing. The waiver by Oroleon of any of the Conditions Precedent set out in paragraphs (d), (g) and (h) is subject to compliance by the parties to the Agreement with all applicable laws, rules and regulations, including The Singapore Code on Take-overs and Mergers, the listing manual of SGX-ST, the Securities and Futures Act (Chapter 289 of Singapore) and the HK Listing Rules.

If the Conditions Precedent are not fulfilled or (where applicable) waived in accordance with the Agreement by the Long Stop Date, the Agreement shall cease to be of any effect except certain clauses including but not limited to confidentiality clause and save in respect of any claims arising out of any antecedent breach of the Agreement.

The completion date shall be within three (3) business days after the day on which the last of the Conditions Precedent are fulfilled or waived in accordance with the Agreement (or such other date as East Crest and Oroleon may agree in writing prior to completion).

#### **2.3.4 Guarantee**

In consideration of East Crest and PHB entering into the Agreement, PRG has agreed to guarantee the performance by Oroleon of its obligations under the Agreement. In consideration of Oroleon and PRG entering into the Agreement, PHB has agreed to guarantee the performance by East Crest of its obligations under the Agreement.

#### **2.4 Basis and Justification**

The Consideration was determined after arm's length negotiations between East Crest and Oroleon on normal commercial terms after taking into consideration, inter-alia, the current trading share price of PRA Shares. The Consideration is based on the one (1)-month volume weighted average price ("**VWAP**") of PRA between 7 June 2015 to 6 July 2015.

The consideration per share of SGD0.499 represents:-

- (i) Approximately 6.2% premium to the closing share price of PRA of SGD0.470 on 14 July 2015, being the last trading day prior to this Announcement;
- (ii) The price to book ratio ("**PBR**") of approximately 1.56 times based on the unaudited consolidated net assets ("**NA**") per share of PRA as at 31 March 2015 of approximately SGD0.32. The said PBR is within the range of the PBR of the listed retail companies in the Southeast Asia region; and
- (iii) The price earnings ratio ("**PER**") of approximately 11.88 times based on the trailing earnings per share ("**EPS**") of PRA for the twelve (12) months ended 31 March 2015 of approximately SGD0.042. The said PER is within the range of the PER of the listed retail companies in the Southeast Asia region.

#### **2.5 Liabilities to be Assumed by the Purchaser**

There are no liabilities, including contingent liabilities and guarantees, to be assumed by Oroleon pursuant to the Proposal.

## 2.6 Original Cost of Investment

The original cost of investment in two (2) PRA Shares by East Crest was RM5 and the investment was acquired in March 2011. The carrying amount of the Sale Shares as at 30 June 2014 was approximately RM300 million.

## 3. UTILISATION OF PROCEEDS

Based on the Consideration of SGD228,508,716.70 (equivalent to approximately RM641,423,968), PHB proposes to utilise the proceeds received as follows:-

Proposed Utilisation of Proceeds	Amount RM'million	Estimated utilisation timeframe
Business expansion, new investment opportunities and/or working capital <sup>(a)</sup>	640.42	Within 1 – 2 years
Estimated expenses <sup>(b)</sup>	1.00	Within 1 year
<b>Total</b>	<b>641.42</b>	

### Notes:-

- (a) PHB has yet to determine the proportion of the utilisation of proceeds between business expansion, new investment opportunities and/or working capital at this juncture. Business expansion, includes but is not limited to the expansion of business related to the retail business of PHB and its subsidiaries ("**PHB Group**"). Working capital includes but is not limited to operating/administrative expenses.
- (b) Refers to the estimated expenses in relation to the Proposal for PHB and East Crest. The estimated expenses include but are not limited to, professional fees, regulatory fees, printing and other related expenses in connection with the convening of the EGM.

## 4. RATIONALE FOR THE PROPOSAL

The Proposal is intended to consolidate the retail business of PRA, which has a presence in Southeast Asia, with that of PRG, which operates a similar business in China.

In addition, the Proposal will enable PHB to raise cash proceeds of SGD228,508,716.70 (equivalent to approximately RM641,423,968). PHB proposes to utilise the cash proceeds for business expansion, new investment opportunities and/or working capital as detailed in Section 3 above.

## 5. RISK FACTORS IN RELATION TO THE PROPOSAL

The Proposal is not expected to materially change the risk profile of the PHB Group's businesses. The completion of the Proposal is subject to, amongst others, the satisfaction and/or waiver (as the case may be) of the Conditions Precedent as set out in Section 2.3.3 of this Announcement. The non-fulfilment of or inability to waive any Conditions Precedent may result in the Agreement being rescinded or terminated.

Further discussion on the risks associated with the Proposal will be set out in a circular to the shareholders of PHB in relation to the Proposal to be despatched in due course.

## 6. EFFECTS OF THE PROPOSAL

### 6.1 Share Capital and Substantial Shareholders' Shareholdings

The Proposal will not have any effect on the issued and paid-up share capital and substantial shareholders' shareholdings of the Company as the Proposal does not involve the issuance of new ordinary shares of RM1.00 each in PHB ("PHB Shares").

### 6.2 Earnings and Earnings Per PHB Share

Upon completion of the Proposal, PHB's effective equity interest in PRA will be diluted from 67.6% to 35.9% which would result in lower earnings contribution to the PHB Group going forward. Nevertheless, the Proposal is expected to contribute positively to the PHB Group in the long term as and when the benefits from the utilisation of proceeds crystallise.

The Proposal is not expected to result in any gain or loss being recognised in the statement of profit or loss of the PHB Group, on the basis that PRA will remain a subsidiary of PHB through PHB's equity interest in PRG.

### 6.3 NA, NA Per PHB Share and Gearing

Based on the audited consolidated statement of financial position of the PHB Group as at 30 June 2014, the proforma effects of the Proposal on the NA, NA per PHB Share and gearing position of the PHB Group assuming the Proposal was effected on 30 June 2014, are as set out below:-

	Audited as at 30 June 2014 (RM'000)	After the Proposal (RM'000)
Share Capital	1,093,902	1,093,902
Share Premium	3,536,816	3,536,816
Other Reserves	(2,041,894)	(1,938,900)
<b>NA</b>	<b>2,588,824</b>	<b>2,691,818<sup>(a)</sup></b>
Number of shares (excluding treasury shares) ('000)	1,034,394	1,034,394
<b>NA per share (RM)</b>	<b>2.50</b>	<b>2.60</b>
Total Borrowings	1,718,621	1,718,621 <sup>(b)</sup>
<b>Gearing (times)</b>	<b>0.66</b>	<b>0.64</b>

**Notes:-**

(a) After taking into account the gain on dilution of interest in PRA of approximately RM108.7 million and estimated expenses in relation to the Proposal.

(b) Assuming PRG funds the purchase consideration via internally generated funds.

**7. APPROVALS REQUIRED**

The Proposal is conditional upon the approvals being obtained from the following:-

- (a) Shareholders of PHB and PRG;
- (b) SIC Ruling to be obtained by PRG; and
- (c) the approval or waiver by any other relevant regulatory authority, if required.

The Proposal is not conditional upon any other proposals undertaken or to be undertaken by the Company.

**8. APPLICATIONS TO THE RELEVANT AUTHORITIES**

PHB will be required to seek its shareholders' approval but will not be required to seek any regulator's approval in respect of the Proposal. Barring any unforeseen circumstances, the draft circular in respect of the Proposal is expected to be submitted to Bursa Securities within two (2) months from the date of this Announcement.

**9. DIRECTORS' AND MAJOR SHAREHOLDERS' INTERESTS**

Pursuant to Paragraph 10.08 of the Listing Requirements, the Proposal is not regarded as a related party transaction as the interest of the following Directors and major shareholders is less than 10% in PRG other than via PHB.

For purposes of disclosure, the interests of the Directors and/or major shareholders of PHB and persons connected with them are as follows:-

- (a) Tan Sri William H.J. Cheng ("**TSWC**"), the Chairman, Managing Director and a major shareholder of PHB, is also the Chairman, Executive Director and a substantial shareholder of PRA and PRG.
- (b) Mr Ooi Kim Lai, an employee of a subsidiary of a company in which TSWC is a major shareholder, owns 188 PHB Shares (0.00002%); and
- (c) Apart from interest held via PHB, TSWC and persons connected with him do not have any other equity interest in PRG and PRA except as follows:-
  - (i) Puan Sri Chan Chau Ha @ Chan Chow Har, wife of TSWC has direct interest of 0.03% in PHB. She is a substantial shareholder of PRG and is deemed to be interested in the shares of PRG in which TSWC is deemed to be interested in for purposes of the Securities and Futures Ordinance;
  - (ii) Ms Juliana Cheng San San, the daughter of TSWC, who owns 750,000 share options in PRG which upon full exercise, her shareholding in PRG would represent approximately 0.03% of PRG's enlarged capital; and
  - (iii) TSWC who owns 500,000 PRA Shares (0.07%) and Ms Cheng Hui Yen, Natalie, the daughter of TSWC, who owns 50,000 PRA Shares (0.007%).

Save as disclosed above, none of the other Directors has any interest in PRA and PRG and none of the other major shareholders has any interest in PRA and PRG other than via PHB.



**10. DIRECTORS' STATEMENT**

The Board, after having considered all aspects of the Proposal, including the salient terms, rationale and effects, is of the opinion that the Proposal is in the best interest of the Company.

**11. ADVISER**

AmInvestment Bank has been appointed as the Adviser to the Company for the Proposal.

**12. ESTIMATED TIMEFRAME FOR THE COMPLETION OF THE PROPOSAL**

Barring any unforeseen circumstances, the Proposal is expected to be completed by the fourth (4<sup>th</sup>) quarter of the year 2015.

**13. HIGHEST PERCENTAGE RATIO**

The highest percentage ratio applicable to the Proposal as per Paragraph 10.02(g) of Chapter 10 of the Listing Requirements is 43.78%.

**14. DOCUMENTS FOR INSPECTION**

A copy of the Agreement is available for inspection by the shareholders of the Company at the Registered Office of the Company at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Malaysia during normal business hours from Mondays to Fridays (except for public holidays) for a period of three (3) months from the date of this Announcement.

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## APPENDIX I

### Information on PRA

PRA is a public company incorporated in Singapore on 31 March 2011 under the Singapore Companies Act, Cap. 50. Subsequently, the shares of PRA were listed and quoted on the Main Board of SGX-ST on 3 November 2011.

The principal activity of PRA is investment holding whilst its subsidiaries are principally involved in the operation of department stores. The PRA Group has an extensive network of 67 stores (including one supermarket) as at the LPD, spanning across cities in Malaysia, Vietnam, Indonesia and Myanmar.

The table below sets out a summary of PRA's financial statements for the past three (3) financial years from FYE 30 June 2012 to 30 June 2014 and for the nine (9) months FPE 31 March 2015:-

	Audited FYE 30 June			Unaudited 9 months
	2012 <sup>(a)</sup>	2013 <sup>(a)</sup>	2014	FPE 31 March 2015
	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	433,475	446,728	432,037	344,088
Profit before tax ("PBT")	62,599	52,525	46,274	37,062
Profit after tax and non-controlling interests	45,057	39,048	34,901	25,078
Number of shares in issue ('000)	677,300	677,300	677,300	677,300
EPS (cents)	6.65	5.77	5.15	3.70
Total borrowings	61	-	-	-
Shareholders' fund / NA	237,064	254,796	238,665	219,397
NA per share (SGD)	0.35	0.38	0.35	0.32
Gearing (times)	(b)	-	-	-

#### **Notes:-**

(a) *Restated*

(b) *Less than 0.01 times*

#### **Commentaries:-**

#### **FYE 30 June 2013 Vs FYE 30 June 2012**

For the FYE 30 June 2013, the PRA Group recorded an increase in revenue of approximately SGD13.3 million (3.1%) as compared to the FYE 30 June 2012. The increase in revenue was mainly due to same store sales growth ("SSSG") of the Malaysia and Indonesia operations of 4.5% and 5.6% respectively as well as the sales contribution of new stores. Despite the increase in revenue, PBT for the FYE 30 June 2013 declined by SGD10.1 million (16.1%) due to, amongst others, decline in merchandise gross margin for the Malaysia operation resulting from increased promotions and operating losses of a store in Hanoi, Vietnam.

## **APPENDIX I**

### **FYE 30 June 2014 Vs FYE 30 June 2013**

For the FYE 30 June 2014, the PRA Group recorded a decline in revenue of approximately SGD14.7 million (3.3%) as compared to the FYE 30 June 2014. The decrease was due to, among others, the decline in SSSG for Vietnam operations, weak Indonesian Rupiah which reduced the sales contribution from foreign operations upon translation into SGD and loss of sales from 3 stores which were closed for renovation. The decline in PBT for the FYE 30 June 2014 of SGD6.3 million (11.9%) was in line with the decline in revenue for the financial year under review.

### **9 Months FPE 31 March 2015 Vs 9 Months FPE 31 March 2014**

For the 9 months FPE 31 March 2015, the PRA Group's revenue increased by approximately SGD11.2 million (3.4%) as compared to the 9 months FPE 31 March 2014. The increase in revenue was mainly due to among others, sales contribution from the 11 new stores and 3 renovated stores operating in the 9 months FPE 31 March 2015. Despite the increase in revenue, PBT for the 9 months FPE 31 March 2015 declined by SGD6.7 million (15.2%) as compared to the 9 months FPE 31 March 2014. This is as a result of inter-alia, the de-leveraging impact from the negative SSSG of the Malaysia and Vietnam operations, the initial loss-making periods of the new stores in their first year of operations and closure costs of SGD2.6 million for a store in Hanoi, Vietnam.

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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)**

**MAJOR AND CONNECTED TRANSACTION**  
**ACQUISITION OF SHARES IN PARKSON RETAIL ASIA LIMITED**

**Financial adviser to the Company**

**HSBC**   
**The Hongkong and Shanghai Banking Corporation Limited**

The Board is pleased to announce that on 15 July 2015 (after trading hours), East Crest, PHB, Oroleon and the Company entered into the Agreement. Pursuant to the terms and conditions of the Agreement, subject to the fulfillment or waiver (as the case may be) of the Conditions Precedent, East Crest has agreed to sell and Oroleon has agreed to purchase the Sale Shares, representing approximately 67.6% of the entire share capital of the Target Company for the Consideration in the amount of S\$228,508,716.70 (equivalent to approximately HK\$1,313,742,314). The Consideration shall be satisfied by cash at Completion.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As PHB, a substantial Shareholder interested in 1,448,270,000 Shares, representing approximately 53.1% of the total issued Shares as at the date of this announcement, is the sole beneficial owner of East Crest, each of PHB, East Crest and their respective associates are connected persons of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules.

A circular containing, among others, (i) details of the Acquisition, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition together with (iv) the notice of EGM is expected to be despatched to the Shareholders on or before 31 August 2015 (barring any unforeseen circumstances), as the Company will require more than 15 business days (as defined under the Listing Rules) to prepare the relevant information to be included in the circular, in particular the financial information of the Target Group.

Completion is subject to the Conditions Precedent having been satisfied or waived (as the case may be), including (amongst other things) the approval of the Acquisition by the Independent Shareholders. As such, the Acquisition may or may not materialise. Shareholders and potential investors should therefore exercise caution when dealing in the Shares of the Company.

## **THE ACQUISITION**

The Board is pleased to announce that on 15 July 2015 (after trading hours), East Crest, PHB, Oroleon and the Company entered into the Agreement in relation to the sale and purchase of the Sale Shares, representing approximately 67.6% of the entire share capital of the Target Company.

The major terms of the Agreement are set out below.

## **THE AGREEMENT**

### **Date**

15 July 2015

### **Parties**

- (a) East Crest, as vendor;
- (b) PHB, as vendor guarantor;
- (c) Oroleon, as purchaser; and
- (d) the Company, as purchaser guarantor.

### **Assets to be acquired**

The Sale Shares, representing approximately 67.6% of the entire share capital of the Target Company.

The Sale Shares to be acquired by Oroleon shall be free from all liens, charges and encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date of the Agreement.

### **Consideration**

The Consideration payable for the Sale Shares shall be S\$228,508,716.70 (which is equivalent to approximately HK\$1,313,742,314), which shall be satisfied by Oroleon by cash at Completion.

The Consideration was determined after arm's length negotiations between East Crest and Oroleon on normal commercial terms with reference to the one-month VWAP of the Target Company between 7 June 2015 to 6 July 2015 of S\$0.499 (being the consideration per Sale Share), representing a 6.2% premium to the closing share price of the Target Company of S\$0.470 on 14 July 2015, the last trading day before this announcement.

## Conditions Precedent

Completion is conditional upon the fulfillment or waiver of, as the case may be, the Conditions Precedent, including without limitation the following, on or before the Long Stop Date:

- (a) Oroleon having completed due diligence of the Target Group to its satisfaction;
- (b) the Target Company having obtained all necessary approvals, licenses and permits required under its articles of association, applicable laws, rules and regulations in respect of, among other things, the transactions contemplated under the Agreement;
- (c) the Target Group having obtained all necessary consents and waivers required under contractual arrangements in respect of, among other things, the transactions contemplated under the Agreement;
- (d) the SIC Ruling having been obtained by the Company and remaining in force and not being revoked or withdrawn on the Completion Date;
- (e) PHB having obtained its shareholders' approval and all other necessary approvals required under its articles of association, applicable laws, rules and regulations, including pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in respect of, among other things, the transactions contemplated under the Agreement;
- (f) the Company having obtained all necessary approvals for the transactions contemplated under the Agreement required under its articles of association, applicable laws, rules and regulations, including the passing by the Independent Shareholders at the EGM of all resolutions required under the Listing Rules;
- (g) the current listing of the Target Company Shares not having been withdrawn, the Target Company Shares continuing to be traded on the SGX-ST prior to the Completion Date (save for any trading halt); and
- (h) Oroleon being satisfied with the financing arrangements in connection with the transactions contemplated under the Agreement and such financing arrangements being in compliance with all applicable laws, regulations, including the Listing Rules.

All the Conditions Precedent above (save and except for paragraphs (b), (e) and (f) above) may be waived by Oroleon in writing. The waiver by Oroleon of any of the Conditions Precedent set out in paragraphs (d), (g) and (h) is subject to compliance by the parties to the Agreement with all applicable laws, rules and regulations, including The Singapore Code on Take-overs and Mergers, the SGX-ST Listing Manual, the SG Securities and Futures Act and the Listing Rules.

If the Conditions Precedent are not fulfilled or (where applicable) waived in accordance with the Agreement by the Long Stop Date, the Agreement shall cease to be of any effect except certain clauses including but not limited to confidentiality clause and save in respect of any claims arising out of any antecedent breach of the Agreement.

## Completion

Completion shall take place on the Completion Date. Upon Completion, Oroleon will hold approximately 67.6% of the entire share capital of the Target Company, which will become a subsidiary of the Company.

## Guarantee

In consideration of East Crest and PHB entering into the Agreement, the Company has agreed to guarantee the performance by Oroleon of its obligations under the Agreement. In consideration of Oroleon and the Company entering into the Agreement, PHB has agreed to guarantee the performance by East Crest of its obligations under the Agreement.

## INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Singapore and is listed on the Main Board of the SGX-ST. The principal business of the Target Company is the operation and management of department stores in Southeast Asia. As at 15 July 2015, the Target Company operates an extensive network of 67 stores (including 1 supermarket), spanning approximately 794,000 sqm of gross floor area across cities in Malaysia, Vietnam, Indonesia and Myanmar.

## Financial Information of the Target Group

A summary of the audited results of the Target Group for each of the two financial years ended 30 June 2013 and 2014 is set out below.

	<b>For the financial year ended 30 June 2013 (restated) (S\$'000)/(HK\$'000)</b>	<b>For the financial year ended 30 June 2014 (S\$'000)/(HK\$'000)</b>
<b>Revenue</b>	446,728 (equivalent to approximately HK\$2,568,329)	432,037 (equivalent to approximately HK\$2,483,867)
<b>Profit before taxation</b>	52,525 (equivalent to approximately HK\$301,977)	46,274 (equivalent to approximately HK\$266,038)
<b>Profit after taxation</b>	37,491 (equivalent to approximately HK\$215,543)	32,577 (equivalent to approximately HK\$187,292)
<b>Profit attributable to equity holder</b>	39,048 (equivalent to approximately HK\$224,495)	34,901 (equivalent to approximately HK\$200,653)

As at 30 June 2014, the audited total equity of the Target Group amounted to approximately S\$238,819,000 (which is equivalent to approximately HK\$1,373,018,000).

## **INFORMATION OF PHB AND THE VENDOR**

PHB is a company incorporated in Malaysia and its shares are listed on the Main Market of Bursa Malaysia Securities Berhad. The principal business of PHB is investment holding. East Crest is an investment holding company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of PHB. The original acquisition cost of the 2 ordinary shares of the Target Company (representing the entire share capital of the Target Company at the time) by East Crest was RM 5 (which is equivalent to approximately HK\$10) and the Target Company was acquired in March 2011. The carrying amount of the investment in the Sales Shares as at 30 June 2014 was RM 299,645,475 (which is equivalent to approximately HK\$609,688,648).

A separate announcement will be made by PHB in respect of the proposed sale of the Sale Shares to Oroleon on the Bursa Malaysia Securities Berhad.

## **INFORMATION OF THE GROUP AND THE PURCHASER**

The principal activities of the Group are the operation and management of a network of department stores in the PRC. Oroleon is an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company.

## **EFFECT OF THE ACQUISITION**

After Completion, the Company will hold approximately 67.6% of the entire share capital of the Target Company, and will become a subsidiary of the Company. The financial results, assets and liabilities of the Target Group will be consolidated with the accounts of the Company.

## **REASONS FOR AND BENEFITS OF THE ACQUISITION**

The Group is principally engaged in the operation and management of department stores offering a range of brands of fashion and lifestyle related merchandise in China. Given the Target Company's retail business is in an identical retail format as that of the Group's, this would enable the Group to realise economies of scales across Asia when negotiating with suppliers for better terms.

Furthermore, the acquisition would allow the Group to geographically diversify into high growth markets enabling the Group to seek opportunities in, and exposure to, the growing South East Asian markets (including Malaysia, Indonesia, Vietnam and Myanmar).

As the Target Company has an established platform in Southeast Asia, this would allow the Group to establish an immediate foothold in the region, with a unique geographic footprint of 67 stores (including 1 supermarket) as at 15 July 2015 across cities in Malaysia, Indonesia, Vietnam and Myanmar, and at Completion be one of the leading Pan-Asian department store retailers.

The terms of the Agreement were determined after arm's length negotiations between the parties thereto. Having considered the reasons for and benefits of the Acquisition as mentioned above, the Board is of the view that the terms of the Agreements are fair and reasonable and are on normal commercial terms, in the ordinary and usual course of business and the Acquisition is in the interest of the Company and the Shareholders as a whole.



## **IMPLICATIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In the event that the SIC Ruling is not obtained by the Company, and Oroleon waives the satisfaction of the Condition Precedent set out in paragraph (d) under the section headed "The Agreement – Conditions Precedent" above and elects to proceed with Completion, Oroleon will be required to comply with all the requirements under the SG Securities and Futures Act and The Singapore Code on Take-overs and Mergers, including without limitation, the making of a mandatory general offer for the Target Company as a result of the transactions contemplated under the Agreement. In these circumstances, assuming the offer price of the general offer is the same as the consideration per Sale Share under the Agreement, the Acquisition together with the general offer for all the Target Company Shares will remain a major and connected transaction of the Company based on the percentage ratios calculated as at the date of this announcement. The Company will comply with all relevant requirements under the Listing Rules in the event the Company proceeds under these circumstances.

As PHB, a substantial Shareholder interested in 1,448,270,000 Shares, representing approximately 53.1% of the total issued Shares as at the date of this announcement, is the sole beneficial owner of East Crest, each of PHB, East Crest and their respective associates are connected persons of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules.

## **GENERAL**

A circular containing, among others, (i) details of the Acquisition, (ii) the letter of advice from the independent financial adviser to the Independent Board Committee and the Independent Shareholders, (iii) the recommendation from the Independent Board Committee to the Independent Shareholders in respect of the Acquisition together with (iv) the notice of EGM is expected to be despatched to the Shareholders on or before 31 August 2015 (barring any unforeseen circumstances), as the Company will require more than 15 business days (as defined under the Listing Rules) to prepare the relevant information to be included in the circular, in particular the financial information of the Target Group.

An independent financial adviser will be appointed to advise the Independent Board Committee of the Company and the Independent Shareholders regarding the Acquisition. An Independent Board Committee of the Company has been appointed to advise the Independent Shareholders on whether or not the Acquisition is in the interest of the Company and is fair and reasonable so far as the Independent Shareholders are concerned.

The Directors shall seek the approval of the Independent Shareholders on the Acquisition at the EGM. Each of PHB, East Crest and their respective associate(s) shall abstain from voting on the resolution approving the Agreement and the Acquisition contemplated thereunder in accordance with Rule 14A.36 of the Listing Rules. Any vote exercised by the Independent Shareholders at the EGM shall be taken by poll.

Completion is subject to the Conditions Precedent having been satisfied, including (amongst other things) the approval of the Acquisition by the Independent Shareholders. As such, the Acquisition may or may not materialize. Shareholders and potential investors should therefore exercise caution when dealing in the shares of the Company.

## DEFINITIONS

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

<b>“Acquisition”</b>	the proposed acquisition by the Company of the Sale Shares from East Crest pursuant to the Agreement
<b>“Agreement”</b>	the agreement in relation to the sale and purchase of the Sale Shares dated 15 July 2015 entered into among East Crest, PHB, Oroleon and the Company
<b>“associates”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Board”</b>	the board of Directors
<b>“business day”</b>	a day (other than Saturday, Sunday and public holiday) on which (i) banks in Hong Kong, Kuala Lumpur, Malaysia, Shanghai, PRC and Singapore are open for business, and (ii) the SGX-ST is open for trading in securities
<b>“Company”</b>	Parkson Retail Group Limited (百盛商業集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
<b>“Completion”</b>	completion of the sale and purchase of the Sale Shares in accordance with the Agreement
<b>“Completion Date”</b>	within three business days after the day on which the last of the Conditions Precedent are fulfilled or waived in accordance with the Agreement (or such other date as East Crest and Oroleon may agree in writing prior to Completion)
<b>“Condition(s) Precedent”</b>	the condition(s) precedent to completion as set out in the Agreement
<b>“connected person(s)”</b>	has the meaning ascribed thereto under the Listing Rules
<b>“Consideration”</b>	S\$228,508,716.70 (equivalent to approximately HK\$1,313,742,314), being the total consideration payable by Oroleon to East Crest for the acquisition of the Sale Shares pursuant to the Agreement
<b>“Directors”</b>	the directors of the Company

<b>“East Crest”</b>	East Crest International Limited, a wholly-owned subsidiary of PHB
<b>“EGM”</b>	the extraordinary general meeting of the Company to be held for the purpose of the Independent Shareholders to consider, and if thought fit, approve the Acquisition
<b>“Group”</b>	the Company, its subsidiaries, a joint venture and an associate
<b>“HK\$”</b>	Hong Kong dollar(s), the lawful currency of Hong Kong
<b>“Hong Kong”</b>	means the Hong Kong Special Administrative Region of the People’s Republic of China
<b>“Independent Board Committee”</b>	the board committee comprising all independent non-executive Directors, namely Mr. Ko Tak Fai, Desmond, Mr. Yau Ming Kim, Robert and Dato’ Fu Ah Kiow, which has been established by the Board for the purpose of advising the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder
<b>“Independent Shareholders”</b>	means the Shareholders other than PHB, East Crest and their respective associate(s)
<b>“Independent Shareholders’ Approval”</b>	the approval by the Independent Shareholders at the EGM in respect of the Agreement and the transactions contemplated thereunder
<b>“Listing Rules”</b>	the Rules Governing the Listing of Securities on the Stock Exchange
<b>“Long Stop Date”</b>	the expiry of six months from the date of the Agreement (or such other date as Oroleon and East Crest may agree in writing)
<b>“Oroleon”</b>	Oroleon (Hong Kong) Limited, a wholly-owned subsidiary of the Company
<b>“PHB”</b>	Parkson Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad
<b>“PRC”</b>	The People’s Republic of China, and for the purpose of this announcement, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
<b>“RM”</b>	Malaysian Ringgit

<b>“Sale Shares”</b>	the 457,933,300 ordinary shares in the capital of the Target Company to be acquired by the Company pursuant to the Agreement, representing approximately 67.6% of the entire share capital of the Target Company
<b>“Shareholder(s)”</b>	the holder(s) of the Share(s)
<b>“Share(s)”</b>	the ordinary share(s) of the Company with a nominal value of HK\$0.02 each
<b>“SG Securities and Futures Act”</b>	Securities and Futures Act (Chapter 289 of Singapore)
<b>“SGX-ST”</b>	Singapore Exchange Securities Trading Limited
<b>“SGX-ST Listing Manual”</b>	the Listing Manual of SGX-ST
<b>“SIC”</b>	Securities Industry Council of Singapore
<b>“SIC Ruling”</b>	the ruling from the SIC that Oroleon will not be required under Rule 14.1 of The Singapore Code on Take-overs and Mergers to make a mandatory general offer for the Target Company as a result of the transactions contemplated under the Agreement
<b>“Stock Exchange”</b>	The Stock Exchange of Hong Kong Limited
<b>“S\$”</b>	Singapore Dollar(s), the lawful currency of Singapore
<b>“Target Company”</b>	Parkson Retail Asia Limited, a company incorporated in Singapore with limited liability, whose shares are listed and quoted on the Main Board of the SGX-ST
<b>“Target Company Shares”</b>	the ordinary shares of the Target Company
<b>“Target Group”</b>	the group of companies consisting of the Target Company and its subsidiaries as set out in the annual report of the Target Company for the financial year ended 30 June 2014 and as announced by the Target Company from time to time
<b>“VWAP”</b>	volume weighted average market price calculated as total daily trading value divided by total daily trading volume for the relevant period
<b>“%”</b>	per cent

Unless otherwise stated in this announcement, translations of S\$ into HK\$ and RM into HK\$ are made at the rate of S\$1.00 to HK\$5.7492 and RM1.00 to HK\$2.0347 for information purpose only. Such conversion should not be construed as a representation that any amount has been, could have been or may be converted at the above rate or at all.

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

Hong Kong, 15 July 2015

*As at the date of this announcement, the Executive Directors of the Company are Tan Sri Cheng Heng Jem and Mr. Chong Sui Hiong, the Non-executive Directors are Datuk Lee Kok Leong and Dato' Dr. Hou Kok Chung and the Independent Non-executive Directors are Mr. Ko Tak Fai, Desmond, Mr. Yau Ming Kim, Robert and Dato' Fu Ah Kiow.*