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S S P Corporate Services (Private) Limited

corporate secretaries, computer bureau services & recruitment services

Co. Reg. No. PV 931

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your ref :
our ref : RA/1282/2012

Mr. Renuke Wijayawardhane
Assistant General Manager – Regulatory Affairs
Colombo Stock Exchange
#4-01 West Block
World Trade Centre
Echelon Square
Colombo 01



26th July 2012

Dear Sir,

ODEL PLC SIGNIFICANT CHANGE IN OWNERSHIP OF THE ENTITY AND 1 FOR 1 RIGHTS ISSUE

In term of Section 8.1 of the Listing Rules of the Colombo Stock Exchange, we write to inform you that the Board of Directors of Odel PLC has been informed by the controlling shareholders of the following arrangements concerning the Company's ownership:

The Board of Directors of Parkson Retail Asia Limited (Parkson) and the principal shareholders of Odel PLC (Odel), Ms. O.D.Gunewardene, Mr. A.D.Gunewardene and Mr. R.H.Gunewardene (the Sellers) wish to announce that they have entered into a Share Sale and Purchase Agreement for Parkson to acquire 27.88% of the issued share capital of Odel held by Ms. O.D.Gunewardene, 13.60% held by Mr. A.D.Gunewardene and 0.34% held by Mr. R.H.Gunewardene aggregating 60,625,000 shares representing in total 41.82% of the entire issued share capital of Odel at a total consideration of LKR 1,424,687,500.00 (LKR 23.50/- per share). As per Rule 7 and 31 of the Company Take-Over and Mergers Code 1995 (As amended in 2003), upon completion of the transaction the buyer will undertake a mandatory offer.

Please note that the first transaction effecting a significant change in ownership would be completed in keeping with the Trading Rules of the Colombo Stock Exchange including 6.4 of the Colombo Stock Exchange Automated Trading Rules and Clause (1) of SEC Directive dated 25 May 2012 (Ref: SEC/LEG/12/05/45). The subsequent mandatory offer will be subject to approval from relevant parties.

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Further, the directors of Odel have resolved to undertake a Rights Issue of one (1) ordinary share for every one (1) ordinary share held at a price of Rs.20/- per share upon the completion of the Mandatory Offer as outlined above. The directors of the Company have resolved that Rs.20/- per share is fair and reasonable to the Company and all existing shareholders. The total number of shares to be issued is 144,950,000 (One Hundred and Forty Four Million Nine Hundred and Fifty Thousand) ordinary shares. The current shares in issue are 144,950,000 (One Hundred and Forty Four Million Nine Hundred and Fifty Thousand) ordinary shares and the current stated capital is Rs. 251,925,000 (Rupees Two Hundred and Fifty One Million Nine Hundred and Twenty Five Thousand). Accordingly the number of shares in issue post rights will be 289,900,000 (Two Hundred and Eighty Nine Million Nine Hundred Thousand) ordinary shares.

The proceeds of the Rights Issue amounting to Rs. 2,899,000,000 (Rupees Two Billion Eight Hundred and Ninety Nine Million) will be utilised in the Company's future investments in retail spaces.

The Rights Issue is subject to the completion of the significant change in ownership as outlined above and will be subsequent to the completion of the mandatory offer as per Rule 7 and 31 of the Company Take-Over and Mergers Code 1995 (As amended in 2003) that will commence subsequent to the significant change in ownership of the Company. The rights issue will also be subject to the Colombo Stock Exchange approving in principle the Rights Issue and listing of shares and obtaining shareholder approval at a General Meeting.

Parkson and the Company wish to further disclose that:

1. The Sellers have undertaken to not accept the mandatory offer by Parkson that will trigger subsequent to the transaction
2. Parkson and the Sellers have committed to take up their full entitlement of shares in the Rights Issue of Odel

Yours faithfully,
For and on behalf of
Odel PLC
S S P CORPORATE SERVICES (PRIVATE) LIMITED


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Assistant General Manager – Regulatory Affairs
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Colombo 01



26th July 2012

Dear Sir,

CHIEF EXECUTIVE OFFICER OF ODEL PLC (THE COMPANY)

In terms of Section 8.1 of the Listing Rules of the Colombo Stock Exchange, we write to inform you that Ms. Otara Del Gunewardene will continue as Chief Executive Officer of the Company after the completion of the significant change in ownership and the subsequent rights issue that was disclosed in the announcement dated 26 July 2012 by the Company.

Yours faithfully
For and on behalf of
Odel PLC
S S P CORPORATE SERVICE (PRIVATE) LIMITED


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26/07/12

News Release

ODEL announces significant change in ownership

Parkson Retail Asia to buy 41.8% stake for Rs 1.424 bn. triggering mandatory offer; Rights issue of 1 for 1 to follow

Thursday, 26th July 2012: ODEL PLC today announced a significant change of ownership, with Parkson Retail Asia Limited (PRAL.SI) agreeing to purchase a 41.82 per cent stake in the company for Rs 1.424 billion.

An announcement to the Colombo Stock Exchange said the transaction would be followed by a mandatory offer to minority shareholders and a 1 for 1 Rights Issue that will raise Rs 2.899 billion in capital for expansion of the 22 year old fashion retail brand.

Parkson has entered in to a Share Sale and Purchase Agreement with the controlling shareholders of ODEL, -- the company's founder and CEO Otara Gunewardene and her brothers Ajit and Ruchi Gunewardene -- to acquire 60,625,000 shares of ODEL, representing 27.88 per cent, 13.6 per cent and 0.34 per cent respectively of the issued share capital of the company at Rs 23.50 per share, the announcement said.

Following the acquisition, Ms Gunewardene will retain a 27.88 per cent stake in ODEL PLC and will continue to be the company's CEO, a spokesman for ODEL disclosed.

The directors of ODEL PLC have resolved, subject to regulatory and shareholder approval, to undertake a Rights Issue of One (1) ordinary share for every one (1) ordinary share held at a price of Rs 20/- per share after the completion of the mandatory offer. The total number of shares to be issued is 144,950,000 ordinary shares, doubling the number of shares in issue post rights to 289,900,000 ordinary shares. Parkson and Ms Gunewardene, Ajit Gunewardene and Ruchi Gunewardene have committed to take up their full entitlement of shares in the Rights Issue.



The principal shareholders have also undertaken not to accept the mandatory offer that will be triggered by the transaction.

The proceeds of the Rights Issue amounting to Rs. 2,899,000,000 (Rs 2.899 billion) are to be utilised in the company's future investments in retail spaces.

In a statement to media, Ms Gunewardene said: "The acquisition by Parkson Retail of a significant ownership in ODEL marks a new chapter in the evolution of the company. Being part of a 22-year journey from a business I started from the boot of my car to becoming part of an international retail company is a great privilege. I am also happy to play a role in an infusion of foreign direct investment to Sri Lanka, while raising capital for the company's growth."

"For our customers, employees and shareholders, this development represents exciting new prospects as the ODEL brand will have more opportunities to maximize its potential and together with Parkson to explore new avenues to add value to the company."

Listed on the Main Board of the Singapore Exchange in November 2011, Parkson Retail Asia Limited is a Southeast Asia-based department store operator with an extensive network of 54 department stores -- 38 in Malaysia, eight in Vietnam and eight in Indonesia -- an aggregate of approximately 554,000 square metres of retail space. Sales in the last financial year topped S\$851.6 million, while profit before tax was S\$51.6 million. The Parkson Retail Group Ltd., listed on the Hong Kong Stock Exchange operates another 46 owned and six managed stores covering 31 major cities in China with an aggregate of 267,000 square meters of retail space.

Acknowledged as Sri Lanka's definitive upmarket fashion retail brand, ODEL commenced operations with a single store at Dickman's Road in 1990 and has grown to 15 stores, including the flagship department store at Alexandra Place and two new-concept 'Luv SL' stores. The company posted sales of Rs 3.8 billion and profit before tax of Rs 264 million for the 12 months ending 31st March 2012.

In July 2010, ODEL became the first fashion retail business to be listed on the Colombo Stock Exchange with an IPO of 16.7 million shares, an 11.52 per cent stake in its equity.

(Ends)