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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: 3368)

**UNAUDITED THIRD QUARTERLY RESULTS ANNOUNCEMENT
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2023**

The board of directors (the “Board”) of Parkson Retail Group Limited (the “Company”) would like to present the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the quarter ended 30 September 2023.

The unaudited quarterly results of the Group are released in conjunction with the announcement of the quarterly results of Parkson Holdings Berhad, the holding company of the Company in Malaysia pursuant to the Bursa Malaysia Main Board Listing Requirements. This announcement is made pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

HIGHLIGHTS

Total operating revenues for the Third Quarter (“3Q2023”) and the First Nine Months of The Year (“9M2023”) are RMB1,000.1 million and RMB3,218.3 million respectively, representing an increase of 7.3% and 10.0% respectively as compared to the corresponding period last year.

Same store sales (“SSS”) decreased by 3.8% in 3Q2023 and increased by 2.2% in 9M2023.

Profit from operations for 3Q2023 was RMB125.1 million. Profit from operations for 9M2023 increased by RMB357.2 million to RMB389.9 million as compared to the corresponding period last year of RMB32.7 million, representing an increase of 1093.8%.

Profit attributable to owners of the Company in 9M2023 was RMB67.3 million as compared to loss attributable to owners of the Company of RMB241.3 million in the corresponding period last year.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Quarter Ended		Year to Date	
	30 September		Ended 30 September	
	2023	2022	2023	2022
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited (restated)	Unaudited	Unaudited (restated)
Gross Sales Proceeds (inclusive of value-added tax)	2,277,656	2,263,530	7,643,196	7,265,860
Revenues	828,241	815,858	2,789,462	2,584,717
Other operating revenues	171,842	116,388	428,842	340,952
Total operating revenues	1,000,083	932,246	3,218,304	2,925,669
Operating expenses				
Purchases of goods and changes in inventories	(417,778)	(455,612)	(1,417,039)	(1,453,885)
Staff costs	(120,748)	(127,886)	(371,550)	(408,737)
Depreciation and amortisation	(139,931)	(152,629)	(442,034)	(461,750)
Rental expenses	(21,229)	4,316	(64,432)	(8,512)
Other operating expenses	(175,344)	(170,498)	(533,381)	(560,127)
Total operating expenses	(875,030)	(902,309)	(2,828,436)	(2,893,011)
Profit from operations	125,053	29,937	389,868	32,658
Finance income	14,063	15,078	41,507	46,104
Finance costs	(126,086)	(115,660)	(375,390)	(333,333)
Share of profits/(losses) of:				
- A joint venture	1,533	(266)	11,558	(1,448)
- Associates	1,986	927	9,588	(3,970)
Profit/(Loss) before income tax	16,549	(69,984)	77,131	(259,989)
Income tax (expense)/credit	(12,588)	9,814	(6,448)	18,713
Profit/(Loss) for the period	3,961	(60,170)	70,683	(241,276)
Attributable to:				
- Owners of the Company	4,187	(59,527)	67,280	(241,322)
- Non-controlling interests	(226)	(643)	3,403	46

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2023 <i>RMB'000</i> Unaudited	As at 31 December 2022 <i>RMB'000</i> Audited (restated)
NON-CURRENT ASSETS		
Property, plant and equipment	2,819,646	2,905,940
Investment properties	507,231	538,758
Right-of-use assets	2,103,049	2,478,736
Goodwill	1,652,960	1,652,960
Other intangible assets	422	4,127
Investments in a joint venture	24,524	12,966
Investments in associates	48,536	43,183
Trade receivables	343,124	249,585
Time deposits	26,302	25,102
Other assets	271,662	349,700
Deferred tax assets	264,046	278,670
	8,061,502	8,539,727
CURRENT ASSETS		
Inventories	397,315	500,802
Trade receivables	293,860	221,074
Prepayment and other receivables	556,657	444,271
Financial assets at fair value through profit or loss	57,280	108,315
Restricted cash	76,733	-
Time deposits	44,772	9,477
Cash and cash equivalents	1,469,742	1,464,096
	2,896,359	2,748,035
Assets classified as held for sale	-	264,088
	2,896,359	3,012,123
CURRENT LIABILITIES		
Trade payables	613,585	480,425
Other payables and accruals	614,728	767,469
Contract liabilities	623,950	621,313
Interest-bearing bank loans	312,368	280,960
Lease liabilities	628,626	645,952
Tax payable	34,141	19,999
	2,827,398	2,816,118
NET CURRENT ASSETS	68,961	196,005
TOTAL ASSETS LESS CURRENT LIABILITIES	8,130,463	8,735,732

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2023 <i>RMB'000</i> Unaudited	As at 31 December 2022 <i>RMB'000</i> Audited (restated)
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	2,218,390	2,248,972
Lease liabilities	2,395,860	2,853,702
Deferred tax liabilities	232,145	314,779
	4,846,395	5,417,453
 NET ASSETS	3,284,068	3,318,279
 EQUITY		
Issued capital	55,477	55,477
Reserves	3,157,072	3,193,907
	3,212,549	3,249,384
 Non-controlling interests	71,519	68,895
 TOTAL EQUITY	3,284,068	3,318,279

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	For the nine months ended 30 September 2023 <i>RMB'000</i> Unaudited
Net cash flows from operating activities	714,761
Net cash flows from investing activities	95,489
Net cash flows used in financing activities	<u>(804,604)</u>
Net increase in cash and cash equivalents	5,646
Cash and cash equivalents at beginning of the period	<u>1,464,096</u>
Cash and cash equivalents at end of the period	<u><u>1,469,742</u></u>
Analysis of balances of cash and cash equivalents	
Cash and bank balances	1,030,164
Non-pledged time deposits of less than three months	<u>439,578</u>
Cash and cash equivalents	<u><u>1,469,742</u></u>
Cash and cash equivalents	1,469,742
Time deposits	71,074
Restricted cash	76,733
Financial assets at fair value through profit or loss	<u>57,280</u>
Cash and cash equivalents, deposits and financial assets at fair value through profit or loss at end of the period	<u><u>1,674,829</u></u>

Impact of Amendments to IAS 12 on the consolidated statement of profit or loss

The Group adopted the amendments to IAS 12 from 1 January 2023 and are required to recognise the associated deferred tax assets and liabilities from leases that occurred on or after 1 January 2022 from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained profits at that date.

Prior to the application of the amendments, the Group had recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised a deferred tax liability in relation to its right-of-use assets to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

The impact of the retrospective adjustments of the changes in accounting policies on the items and amounts in the unaudited consolidated statement of profit or loss for the comparative period, which were prepared by the Company in accordance with International Financial Reporting Standards, is as follows:

	For the nine months ended 30 September 2022 (before the amendments) <i>RMB'000</i>	Impact of amendments to IAS 12 <i>RMB'000</i>	For the nine months ended 30 September 2022 (after the amendments) <i>RMB'000</i>
Income tax			
expenses/(credit)	6,525	(25,238)	(18,713)
Loss for the period	<u>266,514</u>	<u>(25,238)</u>	<u>241,276</u>

Operation and Financial Review

GSP and total operating revenues

The Group recorded unaudited gross sales proceeds (“GSP”) inclusive of value-added tax of RMB2,277.7 million in 3Q2023 and RMB7,643.2 million in 9M2023, representing an increase of 0.6% and 5.2% in 3Q2023 and 9M2023 respectively as compared to the same period last year. The increase in GSP was mainly due to increase in rental income. Rental income increased by 71.2% in 9M2023 as compared to the same period last year.

The following table sets out a breakdown of our total merchandise sales through different channels for the periods indicated:

	For the nine months ended 30 September				Year-on-year change (%)
	2023		2022		
	RMB'000	% of total	RMB'000	% of total	
Concessionaire sales	4,223,907	71.9%	4,137,750	71.0%	2.1%
Direct sales	1,650,183	28.1%	1,685,988	29.0%	(2.1%)
	<u>5,874,090</u>	<u>100.0%</u>	<u>5,823,738</u>	<u>100.0%</u>	0.9%

Total operating revenues increased by 7.3% to RMB1,000.1 million in 3Q2023 and increased by 10.0% to RMB3,218.3 million for 9M2023 as compared to the same period last year. The increase in total operating revenues was mainly due to the recognition of rental income from the investment property located in Beijing Financial Street.

The revenue from contracts with customers which constituted 69.2% of our total operating revenues in 9M2023, decreased by RMB22.2 million. The revenue from contract with customers consists of sale of goods from direct sales, commissions from concessionaire sales and consultancy and management service fees.

Operating expenses

Total operating expenses excluding purchases of goods and changes in inventories decreased by 1.9% to RMB1,411.4 million in 9M2023 as compared to RMB1,439.1 million in 9M2022. The decrease was mainly due to: (i) decrease in staff costs as a result of closure of underperforming business; (ii) decrease in depreciation and amortisation for the right-of-use assets of the properties as a result of changed in lease term for certain stores and closure of underperforming business; and (iii) decrease in other operating expenses as assets impairment of RMB66.7 million was provided in 9M2022 where RMB46.4 million was provided in 9M2023.

Profit from operations

Profit from operations for 3Q2023 was RMB125.1 million. Profit from operations increased by RMB357.2 million to RMB389.9 million in 9M2023 as compared to the same period last year of RMB32.7 million, representing an increase of 1093.8%. The increase was mainly due to increase in revenue.

Profit/(Loss) attributable to owners of the Company

The Group recorded profit attributable to owners of the Company of RMB4.2 million in 3Q2023 and RMB67.3 million in 9M2023.

As of 30 September 2023, the Group operates and manages 42 Parkson stores (including department stores, shopping malls, city outlets, the “Parkson Beauty” concept stores and supermarkets) and 2 Parkson Newcore City Malls across 29 cities in PRC and Laos.

Acknowledgement

I would like to take this opportunity to thank the Board, management and all our staff for their hard work and dedication. I would also like to thank the shareholders and our loyal customers for their continued support to the Group.

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

16 November 2023

As at the date of this announcement, the Executive Directors of the Company are Tan Sri Cheng Heng Jem and Ms. Juliana Cheng San San, the Non-executive Director is Dato’ Sri Dr. Hou Kok Chung and the Independent Non-executive Directors are Dato’ Fu Ah Kiow, Mr. Yau Ming Kim, Robert and Datuk Koong Lin Loong.