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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)**

**DISCLOSEABLE TRANSACTION:  
TENANCY AGREEMENT IN RESPECT OF A PROPERTY IN  
GUIYANG CITY, THE PRC**

**THE TENANCY AGREEMENT**

On 29 March 2024, the Sub-Tenant (an indirect non-wholly-owned subsidiary of the Company), Tenant A and Tenant B entered into a Tenancy Agreement in respect of the sub-lease of the Property located in Guiyang City, Guizhou Province, the PRC.

**IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to IFRS 16, the entering into of the Tenancy Agreement as a sub-tenant will require the Group to recognise the Property as a right-of-use asset. Thus, the entering into of the Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. On the basis of the acquisition of right-of-use asset under the Tenancy Agreement, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB57.1 million.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is more than 5% but less than 25%, the entering into of the Tenancy Agreement constitutes a discloseable transaction of the Company, and is therefore subject to reporting and announcement requirements but is exempted from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the total assets, profits and revenue of the Sub-Tenant compared to that of the Group was less than 5% under the applicable percentage ratios for the financial year ended 31 December 2023, the Sub-Tenant is an insignificant subsidiary of the Company for the purpose of Rule 14A.09(1) of the Listing Rules. As at the date of this announcement, Tenant A is indirectly wholly-owned by Guizhou Shenqi Enterprise, which is a substantial shareholder holding 40% equity interest in the Sub-Tenant. Notwithstanding, Guizhou Shenqi Enterprise and Tenant A, its associate, are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules as the Sub-Tenant is an insignificant subsidiary of the Company. Therefore, the entering into of the Tenancy Agreement does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

## 1. INTRODUCTION

The Board is pleased to announce that on 29 March 2024, the Sub-Tenant, Tenant A and Tenant B entered into the Tenancy Agreement in respect of the sub-lease of the Property, with the consent of the landlords of the Property.

A summary of the principal terms of the Tenancy Agreement and other relevant information are set out below.

## 2. TENANCY AGREEMENT

Date	:	29 March 2024
Parties	:	Sub-Tenant: Guizhou Shenqi Parkson Retail Development Co., Ltd.* (貴州神奇百盛商業發展有限公司), an indirect non-wholly-owned subsidiary of the Company  Tenant A: Guizhou Longgang Commercial Operation Management Co., Ltd.* (貴州龍港商業運營管理有限公司)  Tenant B: Guizhou Yuncui Property Management Co., Ltd.* (貴州雲翠物業管理有限公司)
Relevant premises	:	Basement Level 1, and Level 1 to Level 4 in Longgang International Center, 117 Zhonghua Middle Road, Guiyang City, Guizhou Province, the PRC

- Total gross area : Approximately 18,004 sq. m.
- Term : Up to 15 years and seven months, divided into four stages:
- (i) Initially three years commencing from the date of commencement of the Renovation Period;
  - (ii) Automatically renewed for three years unless the Sub-Tenant notifies otherwise;
  - (iii) Automatically renewed for further three years unless the Sub-Tenant notifies otherwise; and
  - (iv) Automatically renewed for six years and seven months unless the Sub-Tenant notifies otherwise.

Any notifications of intention not to renew to be given by the Sub-Tenant as referred above shall be to the Tenants in writing not less than six months prior to the expiry of the relevant renewed period.

- Rental and payment terms : Rental payable by the Sub-Tenant shall be guaranteed rental or percentage rental. Tenant A shall be entitled to 37.5% of the total guaranteed rental or calculated percentage rental (whichever is the higher). Tenant B shall be entitled to 62.5% of the total guaranteed rental only.

Total guaranteed rental for the first year of the Term, i.e. the Renovation Period plus five months thereafter, shall be RMB3,333,333.33 (incl. tax), payable monthly in five instalments, after the Renovation Period.

Total guaranteed rental for the second year of the Term (i.e. from the sixth month after the end of the Renovation Period) and onwards shall be RMB8 million (incl. tax) per annum, payable monthly in arrears.

Total percentage rental amount shall range from 2% to 5% (calculated depending on specific types of products sold) of the net sales (after tax) of the Sub-Tenant. If percentage rental amount is higher than guaranteed rental for any financial year, the Sub-Tenant shall pay Tenant A the excess into Tenant A's designated account before the end of January in the next financial year. If percentage rental amount is lower than guaranteed rental for any financial year, the Sub-Tenant is not required to pay any percentage rental amount.

- Use : Operation of shopping centre, service projects, setting-up of offices, warehouses and other commercial projects within the scope of business operations of the Sub-Tenant, under the trademark and trade name of the “百盛” and “PARKSON” name and logo.
- Right to sub-let : The Sub-Tenant has the right to further sub-let, cooperate with or jointly operate with anyone in respect of any part of the Property. The Tenants shall not interfere with the Sub-Tenant's operations and shall not directly or indirectly engage in any business operations in the Property.
- Renewal : If the Sub-Tenant wishes to renew the Tenancy Agreement after the Term, it shall serve a written request to the Tenants not less than nine months prior to the expiration of the Term. The Sub-Tenant and the Tenants shall sign a new tenancy agreement upon reaching mutual agreement on the tenancy terms.

In case of failure to reach mutual agreement, the Tenancy Agreement will be terminated upon expiration of the Term. The Tenants may then sub-let the Property to a third party provided that tenancy terms with the third party may not be more favourable than those offered to the Sub-Tenant.

Termination : Save as expressly provided, neither party may terminate the Tenancy Agreement prior to the expiration of the Term.

The circumstances under which either party may terminate the Tenancy Agreement include:

- (a) land requisition or forced demolition by the government;
- (b) the occurrence of force majeure events resulting in the inability to continue operations; and
- (c) mutual agreement between the Sub-Tenant and the Tenants.

The Sub-Tenant is also entitled to terminate the Tenancy Agreement early free from liability if the Sub-Tenant accumulates loss of more than RMB8 million in any one year or losses for three consecutive years exceeding RMB15 million, provided that the Sub-Tenant shall give the Tenants 90 days' prior written notice.

### **3. BASIS FOR DETERMINATION OF THE RENTAL AND OTHER INFORMATION**

The terms of the Tenancy Agreement (including the rental) were determined after arm's length negotiations between the Sub-Tenant and the Tenants, with reference to the prevailing market rentals for properties of similar type, age and location.

The rental and other amounts payable by the Sub-Tenant under the Tenancy Agreement are expected to be financed by the internal resources of the Group.

### **4. INFORMATION ON THE PARTIES**

#### **4.1 The Group and the Sub-Tenant**

The principal activities of the Group are the operation and management of a network of department stores, shopping malls, outlets and supermarkets mainly in the PRC.

The Sub-Tenant is an indirect non-wholly-owned subsidiary of the Company principally engaged in the business of operation of department stores. The Sub-Tenant is indirectly held as to 60% by the Company and is directly held as to 40% by Guizhou Shenqi Enterprise.

#### **4.2 Tenants**

Tenant A is a company established in the PRC and is principally engaged in the management of commercial construction projects. To the best knowledge and belief of the Directors, and having made all reasonable enquiries, Tenant A is wholly-owned by Guiyang Youkangyuan Trading Co., Ltd.\* (貴陽優康元商貿有限公司), which is in turn wholly-owned by Guizhou Shenqi Enterprise, which is owned as to 40%, 30% and 30% by three individuals, Zhang Zhijun (張之君), Zhang Pei (張沛) and Zhang Ya (張婭) respectively. Guizhou Shenqi Enterprise is connected to the Company by virtue of its connection to the Company's insignificant subsidiary, and is therefore not regarded as a connected person of the Company under the Listing Rules. Please refer to the section headed "IMPLICATIONS UNDER THE LISTING RULES" for further information.

Tenant B is a company established in the PRC and is principally engaged in the business of property management. To the best knowledge and belief of the Directors, and having made all reasonable enquiries, Tenant B is held as to 51% and 49% by two individuals, Shang Lihuan (尚麗歡) and Wang Jiajia (王佳佳) respectively.

Save as disclosed herein, to the best knowledge and belief of the Directors, the Tenants and their respective ultimate beneficial owners are third parties independent of, and not connected with the Company and its connected persons.

## **5. REASONS AND BENEFITS FOR ENTERING INTO THE NEW TENANCY AGREEMENT**

The Group, through the Sub-Tenant, has been operating its existing department store at the Property since 2002, under a previous tenancy agreement with a term of 20 years. Considering the historical business performance, continuous growth potential of Guiyang City and the Property's surrounding area, and the operating synergies with nearby stores of the Group in Guizhou Province, the Board believes that the existing department store will continue to play an important role in generating stable revenue and maintaining the Group's market recognition in the PRC. The Board believes that the renewed tenancy will have a positive impact on the future development of the Group.

The Board is of the view that the terms of the Tenancy Agreement, taken as a whole, are fair and reasonable, and also having taken into account the above reasons and benefits, considers that the tenancy is in the interests of the Company and the shareholders of the Company as a whole.

## **6. IMPLICATIONS UNDER THE LISTING RULES**

Pursuant to IFRS 16, the entering into of the Tenancy Agreement as a sub-tenant will require the Group to recognise the Property as a right-of-use asset. Thus, the entering into of the Tenancy Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. On the basis of the acquisition of right-of-use asset under the Tenancy Agreement, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB57.1 million.

As the highest applicable percentage ratio under Rule 14.07 of the Listing Rules in respect of the consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is more than 5% but less than 25%, the entering into of the Tenancy Agreement constitutes a discloseable transaction of the Company, and is therefore subject to reporting and announcement requirements but is exempted from circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As the total assets, profits and revenue of the Sub-Tenant compared to that of the Group was less than 5% under the applicable percentage ratios for the financial year ended 31 December 2023, the Sub-Tenant is an insignificant subsidiary of the Company for the purpose of Rule 14A.09(1) of the Listing Rules. As at the date of this announcement, Tenant A is indirectly wholly-owned by Guizhou Shenqi Enterprise, which is a substantial shareholder holding 40% equity interest in the Sub-Tenant. Notwithstanding, Guizhou Shenqi Enterprise and Tenant A, its associate, are not regarded as connected persons of the Company pursuant to Rule 14A.09 of the Listing Rules as the Sub-Tenant is an insignificant subsidiary of the Company. Therefore, the entering into of the Tenancy Agreement does not constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

## 7. DEFINITIONS

In this announcement, the following terms have the meaning set forth below unless the context requires otherwise:

“associate”	has the meaning given to it under the Listing Rules
“Board”	means the board of Directors
“Company”	means Parkson Retail Group Limited 百盛商業集團有限公司, a company incorporated in the Cayman Islands
“connected person”	has the meaning given to it under the Listing Rules
“Directors”	means the directors of the Company
“Group”	means the Company and its subsidiaries



“Guizhou Shenqi Enterprise”	Guizhou Shenqi Enterprise Co., Ltd.* (貴州神奇實業有限公司), a company incorporated in the PRC, which holds 40% equity interest in the Sub-Tenant, and also indirectly wholly owns Tenant A
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC
“IFRS 16”	means the “International Financial Reporting Standard 16 – Leases” issued by the International Accounting Standards Board, which sets out the principles for the recognition, measurement, presentation and disclosure of leases
“Listing Rules”	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“PRC”	means the People’s Republic of China and, for the purposes of this announcement only, excludes Hong Kong, Macau Special Administrative Region and Taiwan
“Property”	means the premises located at Basement Level 1, and Level 1 to Level 4 in Longgang International Center, 117 Zhonghua Middle Road, Guiyang City, Guizhou Province, the PRC
“Renovation Period”	means the 7-month renovation period commencing on the date on which renovation workers enter the Property, which shall be no later than 30 April 2024
“RMB”	means Renminbi, the lawful currency of the PRC
“sq. m.”	means square metres.
“Sub-Tenant”	means Guizhou Shenqi Parkson Retail Development Co., Ltd.* (貴州神奇百盛商業發展有限公司), an indirect non-wholly-owned subsidiary of the Company

“Tenancy Agreement”	means the Tenancy Agreement in respect of the sub-lease of the Property entered into among the Sub-Tenant, Tenant A and Tenant B dated 29 March 2024
“Tenant A”	means Guizhou Longgang Commercial Operation Management Co., Ltd.* (貴州龍港商業運營管理有限公司)
“Tenant B”	means Guizhou Yuncui Property Management Co., Ltd* (貴州雲翠物業管理有限公司)
“Tenants”	means Tenant A and Tenant B collectively
“Term”	means the term of the Tenancy Agreement, as described under the section headed “Tenancy Agreement” in this announcement

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

29 March 2024

*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.*

\* *For identification purposes only. For ease of reference, the names of the PRC 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.*