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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 FIRST QUARTERLY RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2024**

The board of directors (the “Board”) of Parkson Retail Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the three months ended 31 March 2024, together with the comparative unaudited figures for the corresponding period in 2023 as follows.

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 three months ended 31 March 2024 amounted to RMB1,052.8 million, representing a decrease of RMB53.2 million or 4.8% as compared to the corresponding period of last year.

Same store sales (“SSS”) for the three months ended 31 March 2024 decreased by 10.3% as compared to the corresponding period of last year.

The Group recorded total Gross Sales Proceeds (“GSP”) inclusive of value-added tax of RMB2,666.5 million for the three months ended 31 March 2024, representing a decrease of 7.3% as compared to that of RMB2,877.3 million for the three months ended 31 March 2023.

Profit from operations for the three months ended 31 March 2024 was RMB143.9 million, an increase of RMB39.7 million or 38.1% as compared to RMB104.2 million for the corresponding period of last year.

Profit attributable to owners of the Company for the three months ended 31 March 2024 was RMB19.1 million, as compared to profit attributable to owners of the Company of RMB26.6 million (restated) recorded for the three months ended 31 March 2023.

## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	For the three months ended 31 March	
	2024	2023
	Unaudited <i>RMB'000</i>	Unaudited <i>RMB'000</i> <i>(restated)</i>
<b>Gross Sales Proceeds (inclusive of value-added tax)</b>	<b>2,666,451</b>	2,877,260
Revenue	942,439	988,404
Other operating revenues	110,350	117,585
<b>Total operating revenues</b>	<b>1,052,789</b>	1,105,989
<b>Operating expenses</b>		
Purchases of goods and changes in inventories	(481,243)	(549,234)
Staff costs	(128,342)	(133,129)
Depreciation and amortisation	(127,373)	(141,330)
Rental expenses	(24,748)	(23,749)
Other operating expenses	(147,230)	(154,379)
<b>Total operating expenses</b>	<b>(908,936)</b>	(1,001,821)
<b>Profit from operations</b>	<b>143,853</b>	104,168
Finance income	12,859	13,827
Finance costs	(119,601)	(128,250)
Share of profits/(losses) of:		
– A joint venture	-	(156)
– Associates	5,039	4,717
<b>Profit/(Loss) before tax</b>	<b>42,150</b>	(5,694)
Income tax (expense)/credit	(22,201)	35,265
<b>Profit for the period</b>	<b>19,949</b>	29,571
<b>Attributable to:</b>		
– Owners of the Company	19,081	26,614
– Non-controlling interests	868	2,957

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at <b>31 March 2024</b> <b>Unaudited</b> <i>RMB '000</i>	As at 31 December 2023 Audited <i>RMB '000</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,772,857	2,807,192
Investment properties	543,174	548,468
Right-of-use assets	2,043,850	2,081,520
Goodwill	1,636,683	1,636,683
Investments in associates	56,754	51,715
Trade receivables	437,650	391,917
Time deposits	27,202	27,202
Other assets	217,967	233,520
Deferred tax assets	259,218	263,494
	<b>7,995,355</b>	<b>8,041,711</b>
<b>CURRENT ASSETS</b>		
Inventories	396,045	421,717
Trade receivables	283,049	289,215
Prepayments and other receivables	476,292	566,432
Financial assets at fair value through profit or loss	67,873	57,540
Restricted cash	79,482	100,191
Time deposits	13,293	16,563
Cash and bank balances	1,470,818	1,583,414
	<b>2,786,852</b>	<b>3,035,072</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	630,577	702,563
Other payables and accruals	604,125	677,887
Contract liabilities	602,916	615,709
Interest-bearing bank loans	2,308,501	161,350
Lease liabilities	615,580	656,677
Tax payable	35,746	27,619
	<b>4,797,445</b>	<b>2,841,805</b>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>	<b>(2,010,593)</b>	<b>193,267</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>5,984,762</b>	<b>8,234,978</b>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at <b>31 March 2024</b> <b>Unaudited</b> <i>RMB'000</i>	As at 31 December 2023 Audited <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank loans	148,948	2,330,564
Lease liabilities	2,291,128	2,360,886
Deferred tax liabilities	219,984	226,381
	<b>2,660,060</b>	4,917,831
<b>NET ASSETS</b>	<b>3,324,702</b>	3,317,147
<b>EQUITY</b>		
Issued capital	55,477	55,477
Reserves	3,196,519	3,189,465
	<b>3,251,996</b>	3,244,942
<b>Non-controlling interests</b>	<b>72,706</b>	72,205
<b>TOTAL EQUITY</b>	<b>3,324,702</b>	3,317,147

### Note 1 Interest-bearing bank loans

On 15 March 2024, the Company, as borrower, entered into a loan agreement in relation to a syndicated loan facility in an aggregate amount of up to RMB2,500,000,000 with a syndicate of banks, as lenders. The loan facility has a term of 36 months commencing from the first drawdown date. The loan facility is to refinance the Group's existing syndicated loan of RMB 2,237,126,000 that will expire in January 2025.

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	<b>For the three months ended 31 March 2024 Unaudited RMB'000</b>
Net cash flows from operating activities	198,919
Net cash flows from investing activities	(19,193)
Net cash flows used in financing activities	(313,031)
<b>Net decrease in cash and cash equivalents</b>	<b>(133,305)</b>
Cash and cash equivalents at beginning of the period	1,683,605
<b>Cash and cash equivalents at end of the period</b>	<b>1,550,300</b>
<b>Analysis of balances of cash and cash equivalents</b>	
Cash and bank balances	1,234,825
Non-pledged time deposits with original maturity of less than three months when acquired	235,993
Restricted cash	79,482
<b>Cash and cash equivalents</b>	<b>1,550,300</b>
Cash and cash equivalents	1,550,300
Time deposits	40,495
Financial assets at fair value through profit or loss	67,873
<b>Cash and cash equivalents, deposits and financial assets at fair value through profit or loss at end of the period</b>	<b>1,658,668</b>

## Operation and Financial Review

### *GSP and total operating revenues*

The Group recorded total GSP inclusive of value-added tax of RMB2,666.5 million for the three months ended 31 March 2024, representing a decrease of 7.3% as compared to the same period of last year. The decrease in GSP as there is a shift towards more rational consumer behaviour after the pandemic. SSS decreased by 10.3% during the three months ended 31 March 2024 as compared to the same period of last year.

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

	For the three months ended 31 March				Year-on-year change (%)
	2024		2023		
	RMB'000	% of total	RMB'000	% of total	
Concessionaire sales	<b>1,539,450</b>	<b>73.5%</b>	1,688,535	72.4%	(8.8%)
Direct sales	<b>555,238</b>	<b>26.5%</b>	642,826	27.6%	(13.6%)
	<b>2,094,688</b>	<b>100.0%</b>	2,331,361	100.0%	(10.2%)

Total operating revenues of the Group decreased by RMB53.2 million or 4.8% to RMB1,052.8 million for the three months ended 31 March 2024 as compared to RMB1,106.0 million for the three months ended 31 March 2023. The decrease in total operating revenues was mainly due to the decrease in the revenue from contracts with customers. The revenue from contracts with customers consists of sale of goods from direct sales, commissions from concessionaire sales and consultancy and management service fees. For the three months ended 31 March 2024, revenue from contracts with customers, which constituted 71.9% of our total operating revenues for the three months ended 31 March 2024 decreased by 12.9% compared to the same period of last year.

### *Operating expenses*

Total operating expenses excluding purchases of goods and changes in inventories decreased by RMB24.9 million or 5.5% to RMB427.7 million for the three months ended 31 March 2024 as compared to RMB452.6 million for the three months ended 31 March 2023. On a same store basis, total operating expenses excluding purchases of goods and changes in inventories decreased by 6.0%. The decrease was mainly due to: (i) decrease in depreciation for the right-of-use assets of the properties as a result of changed in rental and payment terms for certain stores; and (ii) decrease in other operating expenses mainly due to closure of Qingdao store during 2023.

### *Profit from operations*

Profit from operations of the Group was RMB143.9 million for the three months ended 31 March 2024, an increase of RMB39.7 million or 38.1% as compared to RMB104.2 million for the three months ended 31 March 2023.

*Profit attributable to owners of the Company*

The Group recorded profit attributable to owners of the Company of RMB19.1 million for the three months ended 31 March 2024 as compared to RMB26.6 million (restated) recorded for the three months ended 31 March 2023.

During the period under review, the Group opened a supermarket in Mianyang City, Sichuan Province, in January 2024. The Group has been closely monitor the post-pandemic changes in consumption behavior and adjust the strategy accordingly.

As at 31 March 2024, the Group and its associates operated and managed 43 stores (including department stores, shopping malls, city outlets, the “Parkson Beauty” concept store and supermarkets) and 2 Parkson Newcore City Malls, in 28 major cities across China 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 strong support to the Group.

On behalf of the Board  
**Parkson Retail Group Limited**  
**Tan Sri Cheng Heng Jem**  
*Executive Director & Chairman*

23 May 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.*