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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)**

**MAJOR TRANSACTIONS:  
SUPPLEMENTAL AGREEMENTS TO TENANCY  
AGREEMENTS IN RESPECT OF PROPERTIES IN SHENYANG  
AND HARBIN, THE PRC**

**RENEWAL OF THE SHENYANG TENANCY**

On 6 June 2024, Shenyang Parkson (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Shenyang Supplemental Agreement with Shenyang Holding (as landlord) in respect of the renewal of the Shenyang Tenancy. Shenyang Parkson has been occupying the Shenyang Property as tenant for its retail business since 2003, and parties have agreed to renew the Shenyang Tenancy for a term up to 31 December 2034 pursuant to the Shenyang Supplemental Agreement.

Pursuant to IFRS 16, the Group is required to recognise the Shenyang Property as a right-of-use asset, and the entering into of the Shenyang Supplemental Agreement as an acquisition of asset under the Listing Rules. The consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is approximately RMB150.3 million. As the highest applicable percentage ratio in respect of the consideration recognised by the Group pursuant to IFRS 16 is more than 25% but less than 100%, the transaction relating to the renewal of the Shenyang Tenancy and the entering into of the Shenyang Supplemental Agreement constitute a major transaction of the Company, and are therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **RENEWAL OF THE HARBIN TENANCY**

On 6 June 2024, Beijing Parkson (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Harbin Supplemental Agreement with Harbin International (as landlord) in respect of the renewal of the Harbin Tenancy. Beijing Parkson has been occupying the Harbin Property as tenant for its retail business since 2004, and parties have agreed to renew the Harbin Tenancy for a term up to 31 December 2034 pursuant to the Harbin Supplemental Agreement.

Pursuant to IFRS 16, the Group is required to recognise the Harbin Property as a right-of-use asset, and the entering into of the Harbin Supplemental Agreement as an acquisition of asset under the Listing Rules. The consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is approximately RMB154.3 million. As the highest applicable percentage ratio in respect of the consideration recognised by the Group pursuant to IFRS 16 is more than 25% but less than 100%, the transaction relating to the renewal of the Harbin Tenancy and the entering into of the Harbin Supplemental Agreement constitute a major transaction of the Company, and are therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

## **GENERAL**

To the best of the knowledge of the Directors, no Shareholder or any of their respective associates has any material interest in the Shenyang Tenancy, the Harbin Tenancy or either of the Supplemental Agreements. Accordingly, none of the Shareholders is required to abstain from voting in favour of the resolutions to approve the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements.

A closely allied group of Shareholders interested in an aggregate of 1,448,270,000 Shares, representing approximately 54.97% of the total number of issued shares of the Company, has given its written approval on the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements. The written approval of the aforesaid group of Shareholders has been accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

A circular containing, among other things, information relating to the Tenancies Renewal Transactions and the Supplemental Agreements is expected to be despatched to the Shareholders for information purposes only in accordance with Rule 14.41(a) of the Listing Rules on or before 25 June 2024.

## RENEWAL OF THE SHENYANG TENANCY

The Board is pleased to announce that on 6 June 2024, Shenyang Parkson and Shenyang Holding had entered into the Shenyang Supplemental Agreement, pursuant to which the parties agreed to the terms of the renewed tenancy for the Shenyang Property, including the supplements and amendments to the original tenancy agreement.

A summary of the principal terms of the renewed Shenyang Tenancy and other relevant information is as follows:

- Parties : Tenant: Shenyang Parkson  
Landlord: Shenyang Holding
- Property : Relevant parts of Level LG1 to Level 8 of the building located at No. 21, Zhonghua Road, Heping District, Shenyang (瀋陽市和平區中華路21號), Liaoning Province, the PRC
- Total gross area : 46,626 sq. m.
- Tenancy term : 10 years from 1 January 2025 to 31 December 2034
- Rent and property fee : Amounts payable by Shenyang Parkson during the tenancy term comprise two parts: (i) fixed portion – fixed rent and fixed property fee (including tax); and (ii) percentage portion – 20% share of the profits before tax earned by Shenyang Parkson from its business operations at the Shenyang Property.

The fixed portions (including tax) are payable monthly in advance, and the annual sums for each calendar year during the tenancy term are as follows:

<i>Year</i>	<i>Fixed rent (RMB)</i>	<i>Fixed property fee (RMB)</i>	<i>Total (RMB)</i>
2025	23,522,738.64	6,477,261.36	30,000,000
2026	23,522,738.64	6,477,261.36	30,000,000
2027	23,522,738.64	6,477,261.36	30,000,000
2028	25,022,738.64	7,977,261.36	33,000,000
2029	25,022,738.64	7,977,261.36	33,000,000
2030	25,022,738.64	7,977,261.36	33,000,000
2031	26,522,738.64	9,477,261.36	36,000,000
2032	26,522,738.64	9,477,261.36	36,000,000
2033	30,522,738.64	9,477,261.36	40,000,000
2034	30,522,738.64	9,477,261.36	40,000,000

The percentage portions are payable annually for each calendar year. The amount payable shall be determined based on the audit report for each calendar year prepared by an internationally recognised accounting firm, which shall be provided by Shenyang Parkson to Shenyang Holding before the 30<sup>th</sup> of June of the following calendar year, and shall be paid by the 31<sup>st</sup> of July.

Deposit : RMB5,087,123.11, which is equivalent to the fixed rent amount for the final two months of the tenancy term.

Use : Operation of department store (mainly), services such as (but not limited to) catering, entertainment, bars and cafes, beauty and hair salon, wedding services, in-store supermarket, bowling alley, fitness centre, billiard room, cinema, business activity centres, etc., and set up of offices and warehouse, under the name and brand of “百盛” and “PARKSON”.

Right to sub-let : Shenyang Parkson has the right to sub-let part of the Shenyang Property provided that, among other conditions, the sub-let area shall not exceed 50% of the total gross area of the Shenyang Property.

Renewal : If Shenyang Parkson wishes to further renew the Shenyang Tenancy, it shall serve a written request to Shenyang Holding at least six months prior to the expiration of the tenancy term, in which case, parties shall negotiate the terms of renewal.

In case of failure to reach agreement, the Shenyang Tenancy will be terminated upon expiration of the tenancy term and Shenyang Holding may then lease the Shenyang Property to a third party, provided that the terms and conditions of the lease with such third party may not be more favourable than those offered to Shenyang Parkson.

Termination upon accumulated loss : After 31 December 2027, Shenyang Parkson is entitled to terminate the Shenyang Tenancy prior to the expiration of the tenancy term in the event that Shenyang Parkson accumulates losses for two consecutive years totalling more than RMB15 million as confirmed by audit conducted by the parties jointly, provided that following such audit confirmation, Shenyang Parkson shall give Shenyang Holding six months' prior written notice for termination.

Renovations undertaking : Shenyang Parkson undertakes to invest a total sum of not less than RMB10 million for the renovation of the Shenyang Property and its facilities and equipment, which shall be completed before 31 December 2027.

## RENEWAL OF THE HARBIN TENANCY

The Board is pleased to announce that on 6 June 2024, Beijing Parkson and Harbin International had entered into the Harbin Supplemental Agreement, pursuant to which the parties agreed to the terms of the renewed tenancy for the Harbin Property, including the supplements and amendments to the original tenancy agreement.

A summary of the principal terms of the renewed Harbin Tenancy and other relevant information is as follows:

- Parties : Tenant: Beijing Parkson  
Landlord: Harbin International
- Property : Relevant parts of Level LG1 to Level 6 of the building located at No. 222, Zhongyang Street, Daoli District, Harbin (哈爾濱市道裡區中央大街222號) (previously known as No. 167-217 Youyi Road, Daoli District, Harbin (哈爾濱市道裡區友誼路167-217號)), Heilongjiang Province, the PRC
- Total gross area : 45,992.75 sq. m.
- Tenancy term : 10 years from 1 January 2025 to 31 December 2034
- Rent and property fee : Amounts payable by Beijing Parkson during the tenancy term comprise two parts: (i) fixed portion – fixed rent and fixed property fee (including tax); and (ii) percentage portion – 20% share of the profits before tax earned by Beijing Parkson from its business operations at the Harbin Property.

The fixed portions (including tax) are payable monthly in advance, and the annual sums for each calendar year during the tenancy term are as follows:

<i>Year</i>	<i>Fixed rent (RMB)</i>	<i>Fixed property fee (RMB)</i>	<i>Total (RMB)</i>
2025	24,193,180.32	5,806,819.68	30,000,000
2026	24,193,180.32	5,806,819.68	30,000,000
2027	24,193,180.32	5,806,819.68	30,000,000
2028	25,693,180.32	7,306,819.68	33,000,000
2029	25,693,180.32	7,306,819.68	33,000,000
2030	25,693,180.32	7,306,819.68	33,000,000
2031	27,193,180.32	8,806,819.68	36,000,000
2032	27,193,180.32	8,806,819.68	36,000,000
2033	31,193,180.32	8,806,819.68	40,000,000
2034	31,193,180.32	8,806,819.68	40,000,000

The percentage portions are payable annually for each calendar year. The amount payable shall be determined based on the audit report for each calendar year prepared by an internationally recognised accounting firm, which shall be provided by Beijing Parkson to Harbin International before the 30<sup>th</sup> of June of the following calendar year, and shall be paid by the 31<sup>st</sup> of July.

Deposit : RMB5,198,863.39, which is equivalent to the fixed rent amount for the final two months of the tenancy term.

Use : Operation of department store (mainly), services such as (but not limited to) catering, entertainment, bars and cafes, beauty and hair salon, wedding services, in-store supermarket, bowling alley, fitness centre, billiard room, cinema, business activity centres, etc., and set up of offices and warehouse, under the name and brand of “百盛” and “PARKSON”.

Right to sub-let : Beijing Parkson has the right to sub-let part of the Harbin Property provided that, among other conditions, the sub-let area shall not exceed 50% of the total gross area of the Harbin Property.

Renewal : If Beijing Parkson wishes to further renew the Harbin Tenancy, it shall serve a written request to Harbin International at least six months prior to the expiration of the tenancy term, in which case, parties shall negotiate the terms of renewal.

In case of failure to reach agreement, the Harbin Tenancy will be terminated upon expiration of the tenancy term and Harbin International may then lease the Harbin Property to a third party, provided that the terms and conditions of the lease with such third party may not be more favourable than those offered to Beijing Parkson.

Termination upon accumulated loss : After 31 December 2027, Beijing Parkson is entitled to terminate the Harbin Tenancy prior to the expiration of the tenancy term in the event that Beijing Parkson accumulates losses for two consecutive years totalling more than RMB15 million as confirmed by audit conducted by the parties jointly, provided that following such audit confirmation, Beijing Parkson shall give Harbin International six months' prior written notice for termination.

Renovations undertaking : Beijing Parkson undertakes to invest a total sum of not less than RMB10 million for the renovation of the Harbin Property and its facilities and equipment, which shall be completed before 31 December 2027.

## **BASIS FOR DETERMINATION OF THE RENT AND OTHER INFORMATION**

The terms of the Supplemental Agreements (including rent and property fees) were determined after arm's length negotiations between the respective landlords and tenants of the Shenyang Tenancy and the Harbin Tenancy, with reference to the prevailing market rates for properties of similar type, age and location to the Shenyang Property and the Harbin Property respectively.

The rent, property fees and other amounts payable by Shenyang Parkson and Beijing Parkson under the Shenyang Tenancy and the Harbin Tenancy respectively are expected to be financed by the internal resources of the Group.

## **INFORMATION ON THE PARTIES**

### **The Group, Shenyang Parkson and Beijing Parkson**

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.

Shenyang Parkson and Beijing Parkson are indirect wholly-owned subsidiaries of the Company. Shenyang Parkson is principally engaged in the operation of department store, whilst Beijing Parkson is principally engaged in the operation of department store and shopping mall.

### **Shenyang Holding and Harbin International**

Both Shenyang Holding and Harbin International are companies established in Mauritius, and principally engaged in the business of property leasing. Shenyang Holding and Harbin International are both indirect wholly-owned subsidiaries of SCPG, which is principally engaged in the business of investment, development and operational management of shopping centres. SCPG is an associated company controlled by China Vanke Co., Ltd.\* (萬科企業股份有限公司), a joint stock company incorporated in the PRC with limited liability, the shares of which are listed on the Stock Exchange (stock code: 2202).

To the best knowledge and belief of the Directors, and having made all reasonable enquiries, both Shenyang Holding and Harbin International, and their ultimate owners are third parties independent of, and not connected with the Company and its connected persons (as defined under the Listing Rules).

## **REASONS FOR AND BENEFITS OF THE TENANCIES RENEWAL TRANSACTIONS AND ENTERING INTO THE SUPPLEMENTAL AGREEMENTS**

The Group has been operating and managing its department stores in Shenyang and Harbin for more than 20 years, where the Group has gained good reputation and market recognition. Both department stores have accumulated numerous brands, customers and government and other resources, which has facilitated the Group's establishment of a solid foundation for its business in Shenyang and Harbin. Shenyang and Harbin are both important provincial capital cities in Northeast China in which enterprises establish their business operations. The Group's existing department stores in these two cities therefore have great strategic significance, acting as bridgeheads and incubators for the Group's continuous development in Northeast China.

While business had suffered in the past few years, there is continuous growth potential of both Shenyang and Harbin, and the surrounding areas of both the Shenyang Property and the Harbin Property. The Board believes that the existing department stores 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 Shenyang Tenancy and Harbin Tenancy will continue to have positive impact on the future development of the Group.

The Board is of the view that the terms of the Supplemental Agreements and the renewed Shenyang Tenancy and the Harbin Tenancy, each taken as a whole respectively, are fair and reasonable, and also having taken into account the above reasons and benefits, considers that the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements are in the interests of the Company and the Shareholders as a whole.

## **IMPLICATIONS UNDER THE LISTING RULES**

### **Shenyang Supplemental Agreement**

Pursuant to IFRS 16, the Group is required to recognise the Shenyang Property as a right-of-use asset, and the entering into of the Shenyang Supplemental Agreement as an acquisition of asset under the Listing Rules. The consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is approximately RMB150.3 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 25% but less than 100%, the transaction relating to the renewal of the Shenyang Tenancy and the entering into of the Shenyang Supplemental Agreement constitute a major transaction of the Company, and are therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Harbin Supplemental Agreement**

Pursuant to IFRS 16, the Group is required to recognise the Harbin Property as a right-of-use asset, and the entering into of the Harbin Supplemental Agreement as an acquisition of asset under the Listing Rules. The consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is approximately RMB154.3 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 25% but less than 100%, the transaction relating to the renewal of the Harbin Tenancy and the entering into of the Harbin Supplemental Agreement constitute a major transaction of the Company, and are therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

### **Aggregation not required**

Shenyang Holding and Harbin International are connected to one another as they share the same ultimate owner, and therefore fall under Rule 14.23(1) of the Listing Rules, being a factor that the Stock Exchange will take into account in determining whether transactions shall be aggregated. Nonetheless, none of the other factors set out in Rule 14.23 of the Listing Rules apply, and the transactions contemplated under the Shenyang Supplemental Agreement and the Harbin Supplemental Agreement are not required to be aggregated and treated as if they are one transaction for the following reasons:

- (i) The Shenyang Property and the Harbin Property are located in different cities and do not form part of the same asset. The Supplemental Agreements are not connected or related in substance and the terms are not inter-conditional.

- (ii) The renewed Shenyang Tenancy and the Harbin Tenancy are not made under a master agreement. The Supplemental Agreements were negotiated and concluded at the same time only because the tenancy term of the original Shenyang Tenancy and the Harbin Tenancy are expiring at the same time.
- (iii) The Group has been occupying and operating its department store business at both the Shenyang Property and the Harbin Property for more than 20 years, and there are no new business activities arising from the Supplemental Agreements.

## **General**

To the best of the knowledge of the Directors, no Shareholder or any of their respective associates has any material interest in the Shenyang Tenancy, the Harbin Tenancy or either of the Supplemental Agreements. Accordingly, none of the Shareholders is required to abstain from voting in favour of the resolutions to approve the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements.

A closely allied group of Shareholders interested in an aggregate of 1,448,270,000 Shares, representing approximately 54.97% of the total number of issued shares of the Company, has given its written approval on the Tenancies Renewal Transactions and the entering into of the Supplemental Agreements. The written approval of the aforesaid group of Shareholders has been accepted in lieu of holding a general meeting of the Company pursuant to Rule 14.44 of the Listing Rules.

The aforesaid Shareholders are (i) East Crest International Limited which holds 9,970,000 Shares, representing 0.38% of the total number of issued shares of the Company; and (ii) PRG Corporation Limited which holds 1,438,300,000 Shares, representing 54.59% of the total number of issued shares of the Company. PRG Corporation Limited is a wholly-owned subsidiary of East Crest International Limited.

A circular containing, among other things, information relating to the Tenancies Renewal Transactions and the Supplemental Agreements is expected to be despatched to the Shareholders for information purposes only in accordance with Rule 14.41(a) of the Listing Rules on or before 25 June 2024.

## DEFINITIONS

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

“Board”	means the board of Directors.
“Beijing Parkson”	means Parkson Retail Development Co., Ltd.* (百盛商業發展有限公司), a company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company.
“Company”	means Parkson Retail Group Limited 百盛商業集團有限公司, a company incorporated in the Cayman Islands.
“Directors”	means the directors of the Company.
“Group”	means the Company and its subsidiaries.
“Harbin International”	means Harbin International Company Limited, a company incorporated in Mauritius.
“Harbin Tenancy”	means the tenancy for the Harbin Property as renewed pursuant to the Harbin Supplemental Agreement.
“Harbin Property”	means relevant parts of Level LG1 to Level 6 of the building located at No. 222, Zhongyang Street, Daoli District, Harbin (哈爾濱市道裡區中央大街222號) (previously known as No. 167-217 Youyi Road, Daoli District, Harbin (哈爾濱市道裡區友誼路167-217號)), Heilongjiang Province, the PRC.
“Harbin Supplemental Agreement”	means the supplemental agreement to the tenancy agreement in respect of the Harbin Property entered into between Beijing Parkson and Harbin International on 6 June 2024.
“Hong Kong”	means the Hong Kong Special Administrative Region of the PRC.

“IFRS 16”	means the “International Financial Reporting Standards 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.
“RMB”	means Renminbi, the lawful currency of the PRC.
“SCPG”	means SCPG Holdings Co., Ltd. (印力集團控股有限公司), a company incorporated in the Cayman Islands.
“Shareholders”	means holders of the Shares.
“Shares”	means ordinary shares of nominal value of HK\$0.02 each in the capital of the Company.
“Shenyang Holding”	means Shenyang Holding Company Limited, a company incorporated in Mauritius.
“Shenyang Tenancy”	means the tenancy for the Shenyang Property as renewed pursuant to the Shenyang Supplemental Agreement.
“Shenyang Parkson”	means Shenyang Parkson Shopping Plaza Co., Ltd.* (瀋陽百盛購物廣場有限公司), a company incorporated in the PRC, and an indirect wholly-owned subsidiary of the Company.
“Shenyang Property”	means relevant parts of Level LG1 to Level 8 of the building located at No. 21, Zhonghua Road, Heping District, Shenyang (瀋陽市和平區中華路21號), Liaoning Province, the PRC.

“Shenyang Supplemental Agreement”	means the supplemental agreement to the tenancy agreement in respect of the Shenyang Property entered into between Shenyang Parkson and Shenyang Holding on 6 June 2024.
“Supplemental Agreements”	means collectively, the Shenyang Supplemental Agreement and the Harbin Supplemental Agreement.
“sq. m.”	means square metres.
“Tenancies Renewal Transactions”	means the transactions relating to the renewal of the Shenyang Tenancy and the Harbin Tenancy.
“%”	means per cent.

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

6 June 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 established companies or 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.*