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 2024

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 2024.

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 ("3Q2024") and the First Nine Months of The Year ("9M2024") are RMB835.5 million and RMB2,780.2 million respectively, representing a decrease of 16.5% and 13.6% respectively as compared to the corresponding period last year.

Same store sales ("SSS") decreased by 23.1% in 3Q2024 and decreased by 16.1% in 9M2024.

Profit from operations for 3Q2024 was RMB89.6 million. Profit from operations for 9M2024 decreased by RMB106.5 million to RMB283.4 million as compared to the corresponding period last year of RMB389.9 million, representing a decrease of 27.3%.

Loss attributable to owners of the Company in 9M2024 was RMB29.3 million as compared to profit attributable to owners of the Company of RMB67.3 million in the corresponding period last year.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2024	2023	**2024**	2023
	Unaudited	Unaudited	**Unaudited**	Unaudited
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Gross Sales Proceeds (inclusive of value-added tax)	**1,812,107**	2,277,656	**6,504,896**	7,643,196
Revenues	**711,481**	828,241	**2,431,265**	2,789,462
Other operating revenues	**124,036**	171,842	**348,978**	428,842
Total operating revenues	**835,517**	1,000,083	**2,780,243**	3,218,304
Operating expenses				
Purchases of goods and changes in inventories	**(329,118)**	(417,778)	**(1,193,604)**	(1,417,039)
Staff costs	**(113,463)**	(120,748)	**(353,126)**	(371,550)
Depreciation and amortisation	**(124,606)**	(139,931)	**(380,506)**	(442,034)
Rental expenses	**(17,284)**	(21,229)	**(61,389)**	(64,432)
Other operating expenses	**(161,409)**	(175,344)	**(508,202)**	(533,381)
Total operating expenses	**(745,880)**	(875,030)	**(2,496,827)**	(2,828,436)
Profit from operations	**89,637**	125,053	**283,416**	389,868
Finance income	**7,912**	14,063	**30,728**	41,507
Finance costs	**(104,302)**	(126,086)	**(347,522)**	(375,390)
Share of profits of:				
- A joint venture	**-**	1,533	**-**	11,558
- Associates	**2,192**	1,986	**11,054**	9,588
(Loss)/Profit before income tax	**(4,561)**	16,549	**(22,324)**	77,131
Income tax expense	**(6,662)**	(12,588)	**(6,128)**	(6,448)
(Loss)/Profit for the period	**(11,223)**	3,961	**(28,452)**	70,683
Attributable to:				
- **Owners of the Company**	**(10,628)**	4,187	**(29,269)**	67,280
- **Non-controlling interests**	**(595)**	(226)	**817**	3,403

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2024 Unaudited *RMB'000*	As at 31 December 2023 Audited *RMB'000*
NON-CURRENT ASSETS		
Property, plant and equipment	**2,706,542**	2,807,192
Investment properties	**532,586**	548,468
Right-of-use assets	**2,146,906**	2,081,520
Goodwill	**1,628,425**	1,636,683
Investments in associates	**49,018**	51,715
Trade receivables	**650,473**	391,917
Time deposits	**26,202**	27,202
Other assets	**150,089**	233,520
Deferred tax assets	**287,664**	263,494
	8,177,905	8,041,711
CURRENT ASSETS		
Inventories	**373,161**	421,717
Trade receivables	**360,120**	289,215
Prepayment and other receivables	**444,724**	566,432
Financial assets at fair value through profit or loss	**69,002**	57,540
Restricted cash	**72,068**	100,191
Time deposits	**8,763**	16,563
Cash and bank balances	**1,374,541**	1,583,414
	2,702,379	3,035,072
CURRENT LIABILITIES		
Trade payables	**512,221**	702,563
Other payables and accruals	**553,630**	677,887
Contract liabilities	**611,965**	615,709
Interest-bearing bank loans	**194,823**	161,350
Lease liabilities	**515,882**	656,677
Tax payable	**24,327**	27,619
	2,412,848	2,841,805
NET CURRENT ASSETS	**289,531**	193,267
TOTAL ASSETS LESS CURRENT LIABILITIES	**8,467,436**	8,234,978

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2024 Unaudited *RMB'000*	As at 31 December 2023 Audited *RMB'000*
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**2,583,060**	2,330,564
Lease liabilities	**2,425,633**	2,360,886
Deferred tax liabilities	**190,457**	226,381
	5,199,150	4,917,831
NET ASSETS	**3,268,286**	3,317,147
EQUITY		
Issued capital	**55,477**	55,477
Reserves	**3,140,506**	3,189,465
	3,195,983	3,244,942
Non-controlling interests	**72,303**	72,205
TOTAL EQUITY	**3,268,286**	3,317,147

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	For the nine months ended 30 September 2024 Unaudited *RMB'000*
Net cash flows from operating activities	333,579
Net cash flows from investing activities	22,054
Net cash flows used in financing activities	(592,629)
Net decrease in cash and cash equivalents	**(236,996)**
Cash and cash equivalents at beginning of the period	1,683,605
Cash and cash equivalents at end of the period	**1,446,609**
Analysis of balances of cash and cash equivalents	
Cash and bank balances	1,123,466
Non-pledged time deposits with original maturity of less than three months when acquired	251,075
Restricted cash	72,068
Cash and cash equivalents	**1,446,609**
Cash and cash equivalents	1,446,609
Time deposits	34,965
Financial assets at fair value through profit or loss	69,002
Cash and cash equivalents, deposits and financial assets at fair value through profit or loss at end of the period	**1,550,576**

Operation and Financial Review

GSP and total operating revenues

The Group recorded unaudited gross sales proceeds ("GSP") inclusive of value-added tax of RMB1,812.1 million in 3Q2024 and RMB6,504.9 million in 9M2024, representing a decrease of 20.4% and 14.9% in 3Q2024 and 9M2024 respectively as compared to the same period last year. The decrease in GSP was a result of slower-than-expected economic recovery that led to a consumption downgrade, making consumers more cautious in their spending.

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				
	2024		2023		Year-on-year
	RMB'000	% of total	RMB'000	% of total	change (%)
Concessionaire sales	3,559,241	72.1%	4,223,907	71.9%	(15.7%)
Direct sales	1,376,679	27.9%	1,650,183	28.1%	(16.6%)
	4,935,920	100.0%	5,874,090	100.0%	(16.0%)

Total operating revenues decreased by 16.5% to RMB835.5 million in 3Q2024 and decreased by 13.6% to RMB2,780.2 million for 9M2024 as compared to the same period last year. The decrease in total operating revenues was mainly due to decrease in sale of goods from direct sales and commissions from concessionaire sales.

The revenue from contracts with customers which constituted 66.9% of our total operating revenues in 9M2024, decreased by RMB367.4 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 7.7% to RMB1,303.2 million in 9M2024 as compared to the same period last year of RMB1,411.4 million. The decrease was mainly due to: (i) decrease in depreciation and amortisation for the right-of-use assets of the properties as a result of changed in rental and payment terms for certain stores; (ii) decrease in staff costs and other operating expenses mainly due to closure of underperforming business and cost controlling.

Profit from operations

Profit from operations for 3Q2024 was RMB89.6 million. Profit from operations decreased by RMB106.5 million to RMB283.4 million in 9M2024 as compared to the same period last year of RMB389.9 million, representing a decrease of 27.3%. The decrease was mainly due to decrease in revenue.

(Loss)/Profit attributable to owners of the Company

The Group recorded loss attributable to owners of the Company of RMB10.6 million in 3Q2024 and RMB29.3 million in 9M2024.

As of 30 September 2024, the Group and its associates operated and managed 43 Parkson stores (including department stores, shopping malls, city outlets, the "Parkson Beauty" concept stores and supermarkets) and 2 Parkson Newcore City Malls across 28 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

18 November 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.