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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 IN RESPECT OF A PROPERTY IN MIANYANG CITY, SICHUAN PROVINCE, THE PRC

COOPERATION AGREEMENT

On 20 August 2025, the Tenant (an indirect wholly-owned subsidiary of the Company) and the Landlord entered into the Cooperation Agreement, pursuant to which the Parties have agreed on the terms of the tenancy of the Property ("**Tenancy**"), including the use of the Property for commercial operations for a term of 20 years.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, the Tenancy under the Cooperation Agreement requires the Group to recognise the Property as a right-of-use asset. Thus, the entering into of the Cooperation 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 Cooperation Agreement, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB14.3 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 5% but less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction for the Company, and is therefore subject to reporting and announcement requirements but is exempted from circular and shareholders' approval requirements under the Chapter 14 of the Listing Rules.

1. INTRODUCTION

Reference is made to the announcement of the Company dated 1 August 2025 regarding the Tenant's successful tender for the Tenancy ("**Tender**").

The Board is pleased to announce that on 20 August 2025, the Tenant and the Landlord had entered into the Cooperation Agreement in accordance with the Tender. The Parties to the Cooperation Agreement have agreed on the terms of the Tenancy.

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

2. COOPERATION AGREEMENT

Date	:	20 August 2025	
Parties	:	Tenant:	Mianyang Shangma Parkson Plaza Commercial Management Co., Ltd.*（綿陽上馬百盛廣場商業管理有限公司), an indirect wholly-owned subsidiary of the Company
		Landlord:	Mianyang New Investment Industrial Co., Ltd.*（綿陽新投實業有限責任公司）

Property	:	Level 5 of the Talent Apartments Project located at Mianyang Science and Technology City New District*（綿陽科技城新區上馬功成人才公寓項目第五層物業）in Mianyang City, Sichuan Province, the PRC
Total gross area	:	approximately 4,801.25 sq. m.; the actual area of the Property to be determined based on the surveyed area mutually confirmed by the parties
Term	:	20 years, commencing from the actual date on which the Tenant begins commercial operations at the Property, which is tentatively scheduled for 1 July 2026, provided that the Property be delivered by the Landlord to the Tenant by 1 January 2026
Use	:	Commercial operations
Rent-free Period	:	The Tenant shall be entitled to a rent-free period during the first 365 days of the Term, and the rental period shall commence from the 366th day of the Term.
Rental	:	The monthly rental payable by the Tenant shall be in the form of either guaranteed rental or commission rental, whichever amount is the higher, which shall each be calculated in the following manner: (a) guaranteed rental amount shall initially be RMB120,031.25 per month, which shall be increased by 5% after 5 years, and shall thereafter be increased by 5% every 3 years; and

(b) commission rental amount shall be (i) in the case of non-sub-let parts of the Property, ranging from 1% to 3% of the net sales (after tax) of the Tenant, depending on the type of products sold; and (ii) in the case of sub-let parts of the Property, 30% of the net sub-rental income (after tax) of the Tenant.

Payment Terms	:	Guaranteed rental shall be paid monthly in advance. If the commission rental for a given month exceeds the guaranteed rental, the Landlord shall issue an invoice in for the difference in the following month, and the said difference shall be settled within 10 days upon receipt of the invoice.
Performance Deposit	:	RMB120,000 shall be refunded to the Tenant, without interest, within 10 working days following the expiration or termination of the Term.
Right to sub-let	:	The Tenant has the right to independently determine the business mode and may operate within the Property through self-operation, transfer, sub-let or joint operation but may not transfer or sub-let the entire Property.
Termination	:	Save as expressly provided, neither Party may terminate the Cooperation Agreement prior to the expiration of the Term.

The circumstances under which either Party may terminate the Cooperation 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 Tenant and the Landlord.

3. BASIS FOR DETERMINATION OF THE RENTAL UNDER THE COOPERATION AGREEMENT AND OTHER INFORMATION

As disclosed in the Company's announcement dated 1 August 2025, the Tenant had successfully secured the Tenancy through a competitive tender process initiated by the Landlord. Since the Property is a state-owned property, the Tender was subject to specific restrictions and prescribed key terms, including rental calculations. The Tenant had made its decision to submit a bid based on such key terms, in particular the rental amounts, with reference to the prevailing market rentals for properties of similar type, age and location.

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

4. INFORMATION ON THE PARTIES

4.1. The Group and the 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 Tenant is an indirect wholly-owned subsidiary of the Company principally engaged in the business of operation of department stores.

4.2. The Landlord

The Landlord is a company established in the PRC and a state-owned enterprise, and is principally engaged in the business of property management and management of municipal facilities.

The Landlord is wholly-owned by Mianyang Science and Technology City New District Investment Holdings (Group) Co., Ltd.*(綿陽科技城新區投資控股(集團)有限公司), which is in turn held as to 81.60% by the Mianyang Science and Technology City New District Management Committee*(綿陽科技城新區管理委員會), 9.34% by China Agricultural Development Key Construction Fund Company Limited*(中國農發重點建設基金有限公司) and 9.06% by Sichuan Provincial Department of Finance*(四川省財政廳).

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owners are third parties independent of, and not connected with the Company and its connected persons (as defined under the Listing Rules).

5. REASONS AND BENEFITS FOR ENTERING INTO THE COOPERATION AGREEMENT

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 Board considers the Tenancy as a key driver for the Group's business expansion in Mianyang City, Sichuan Province of the PRC, and well aligned with the Group's strategic development plans for Sichuan Province. The Property is strategically located within a district of Mianyang City which has evolved into a vibrant commercial hub with growing economic potential. Given the prime location and promising outlook of the Property, the Board believes that the Tenancy will support the Group's long-term development in Sichuan Province.

The Directors consider that the Cooperation Agreement was entered into on normal commercial terms and in the ordinary and usual course of business of the Company. The Directors further believe that the terms of the agreement are fair and reasonable and are in the best interests of the Company and its shareholders as a whole.

6. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, the Tenancy under the Cooperation Agreement requires the Group to recognise the Property as a right-of-use asset. Thus, the entering into of the Cooperation 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 Cooperation Agreement, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB14.3 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 5% but less than 25%, the entering into of the Cooperation Agreement constitutes a discloseable transaction for the Company, and is therefore subject to reporting and announcement requirements but is exempted from circular and shareholders' approval requirements under the Chapter 14 of the Listing Rules.

7. DEFINITION

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

"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

"Directors"	means the directors of the Company
"Group"	means the Company and its subsidiaries
"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, sets out the principles for the recognition, measurement, presentation and disclosure of leases
"Property"	means Level 5 of the Talent Apartments Project located at Mianyang Science and Technology City New District*(綿陽科技城新區上馬功成人才公寓項目第五層物業) in Mianyang City, Sichuan Province, the PRC
"Landlord"	means Mianyang New Investment Industrial Co., Ltd.*(綿陽新投實業有限責任公司), a company established in the PRC
"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
"sq. m."	means square metres

"Cooperation Agreement"	means the cooperation agreement dated 20 August 2025 entered into between the Landlord and the Tenant in respect of the Property
"Term"	means the term of the Cooperation Agreement of 20 years, commencing from the actual date on which the Tenant begins commercial operations at the Property, which is tentatively scheduled for 1 July 2026, provided that the Property be delivered by the Landlord to the Tenant by 1 January 2026
"Tenant"	means Mianyang Shangma Parkson Plaza Commercial Management Co., Ltd.*(綿陽上馬百盛廣場商業管理有限公司), a company established in the PRC and an indirect wholly-owned subsidiary of the Company
"%"	means per cent

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

20 August 2025

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 of the Company is Dato' Sri Dr. Hou Kok Chung and the Independent Non-executive Directors of the Company are Dato' Fu Ah Kiow, Mr. Yau Ming Kim, Robert and Datuk Koong Lin Loong.

* *The English name of the PRC established companies or entities and of the location of the Property are for reference only.*