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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

HIGHLIGHTS

Total operating revenues for the period amounted to RMB1,962.8 million, representing an increase of 0.9% as compared to RMB1,944.7 million for the corresponding period of last year.

Same store sales ("SSS") for the period decreased by 18.4%.

Total gross sales proceeds ("GSP") inclusive of value-added tax for the period were RMB4,155.3 million, representing a year-on-year decrease of 11.5%.

Profit from operations for the period was RMB257.6 million, representing an increase of RMB63.8 million as compared to RMB193.8 million for the corresponding period of last year.

Profit attributable to owners of the Company for the period was RMB22.5 million and loss attributable to owners of the Company was RMB18.6 million recorded for the corresponding period of last year.

Declared interim dividend of RMB0.02 per share.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2025

The board (the "Board") of directors (the "Directors") of Parkson Retail Group Limited (the "Company") would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2025 ("1H2025") with comparative figures for the corresponding period in the year 2024 ("1H2024"). The unaudited consolidated interim results have been reviewed by the auditor, Grant Thornton Hong Kong Limited and the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

		For the six months ended 30 June	
	Notes	**2025**	2024
		RMB'000	*RMB'000*
		Unaudited	Unaudited
Revenues	*4*	**1,615,743**	1,719,784
Other operating revenues	*4*	**347,087**	224,942
Total operating revenues		**1,962,830**	1,944,726
Operating expenses			
Purchases of goods and changes in inventories		**(773,476)**	(864,486)
Staff costs		**(252,821)**	(239,663)
Depreciation and amortisation		**(241,078)**	(255,900)
Rental expenses		**(37,505)**	(44,105)
Other operating expenses		**(400,311)**	(346,793)
Total operating expenses		**(1,705,191)**	(1,750,947)
Profit from operations		**257,639**	193,779
Finance income	*6*	**12,696**	22,816
Finance costs	*6*	**(219,588)**	(243,220)
Share of profits of associates		**9,421**	8,862
Profit/(Loss) before tax	*5*	**60,168**	(17,763)
Income tax (expense)/credit	*7*	**(39,218)**	534
Profit/(Loss) for the period		**20,950**	(17,229)
Attributable to:			
– Owners of the Company		**22,468**	(18,641)
– Non-controlling interests		**(1,518)**	1,412
		20,950	(17,229)
EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	*8*		
Basic and diluted		**RMB0.009**	(RMB0.007)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Profit/(Loss) for the period	**20,950**	(17,229)
Other comprehensive income/(expense)		
Other comprehensive income/(expense) that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	**31,845**	(27,315)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of the Company	**–**	(3,409)
Other comprehensive income/(expense) for the period, net of tax	**31,845**	(30,724)
Total comprehensive income/(expense) for the period	**52,795**	(47,953)
Attributable to:		
– Owners of the Company	**54,313**	(49,365)
– Non-controlling interests	**(1,518)**	1,412
	52,795	(47,953)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2025** ***RMB'000*** **Unaudited**	As at 31 December 2024 *RMB'000* Audited
NON-CURRENT ASSETS			
Property, plant and equipment		**2,585,708**	2,653,648
Investment properties		**516,704**	527,292
Right-of-use assets		**2,524,934**	2,697,334
Goodwill		**1,512,008**	1,536,408
Investments in associates		**48,474**	52,472
Trade receivables	*10*	**790,024**	677,133
Time deposits		**26,202**	26,202
Other assets		**26,593**	55,369
Deferred tax assets		**274,994**	274,401
		8,305,641	8,500,259
CURRENT ASSETS			
Inventories		**301,289**	378,761
Trade receivables	*10*	**398,437**	366,390
Prepayments and other receivables		**532,576**	530,244
Financial assets at fair value through profit or loss		**73,745**	66,685
Restricted cash		**28,414**	63,999
Time deposits		**40,756**	9,175
Cash and bank balances		**1,355,715**	1,466,508
		2,730,932	2,881,762
CURRENT LIABILITIES			
Trade payables	*11*	**423,656**	586,181
Other payables and accruals		**605,383**	605,256
Contract liabilities		**554,375**	604,308
Interest-bearing bank loans		**304,326**	220,075
Lease liabilities		**491,007**	501,555
Tax payable		**23,920**	21,509
		2,402,667	2,538,884
NET CURRENT ASSETS		**328,265**	342,878
TOTAL ASSETS LESS CURRENT LIABILITIES		**8,633,906**	8,843,137

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 June 2025 *RMB'000* Unaudited	As at 31 December 2024 *RMB'000* Audited
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**2,619,292**	2,590,421
Lease liabilities	**2,697,319**	2,988,839
Deferred tax liabilities	**177,406**	176,783
	5,494,017	5,756,043
NET ASSETS	**3,139,889**	3,087,094
EQUITY		
Issued capital	**55,477**	55,477
Reserves	**3,014,210**	2,959,897
	3,069,687	3,015,374
Non-controlling interests	**70,202**	71,720
TOTAL EQUITY	**3,139,889**	3,087,094

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Parkson Retail Group Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 3 August 2005. The Company has established a principal place of business in Hong Kong in Room 1010, 10th floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are the operation and management of a network of department stores, shopping malls, outlets and supermarkets mainly in the People's Republic of China (the "PRC"), and the provision of credit services in Malaysia.

In the opinion of the directors, the ultimate holding company of the Company is Parkson Holdings Berhad ("PHB"), which is incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2025 has been prepared in accordance with International Accounting Standard ("IAS") 34 "*Interim Financial Reporting*" issued by the International Accounting Standards Board.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2024.

3. GROSS SALES PROCEEDS

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Sale of goods from direct sales	**884,586**	995,320
Gross revenue from concessionaire sales	**2,098,512**	2,624,925
Total merchandise sales	**2,983,098**	3,620,245
Others (including consultancy and management service fees, gross rental income, credit services income and other operating revenues)	**784,408**	601,911
Total gross sales proceeds	**3,767,506**	4,222,156
Total gross sales proceeds (inclusive of value-added tax)	**4,155,310**	4,692,789

4. REVENUES, OTHER OPERATING REVENUES AND SEGMENT INFORMATION

Revenues

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Revenue from contracts with customers		
Sale of goods from direct sales	**884,586**	995,320
Commissions from concessionaire sales	**293,836**	347,495
Consultancy and management service fees	**2,757**	5,603
	1,181,179	1,348,418
Revenue from other sources		
Gross rental income	**326,772**	304,601
Credit services	**107,792**	66,765
	434,564	371,366
	1,615,743	1,719,784

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Rental income is recognised on a time proportion basis over the lease terms. Credit services income is recognised when the relevant services are rendered.

Other operating revenues

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Credit card handling fees	**10,151**	12,173
Promotion income	**23,473**	24,927
Electricity and water fees	**64,957**	63,681
Administration fees	**79,235**	77,891
Display space and equipment leasing income	**27,852**	29,346
Service fees	**9,620**	10,707
Government grants *(Note)*	**3,135**	1,555
Other income arising from the recognition of net investments in subleases	**8,394**	–
Other income arising from lease modification and termination	**111,610**	1,177
Other income	**8,660**	3,485
	347,087	224,942

Note:

Various local government grants have been granted to reward the Group for its contributions to the local economy. There were no unfulfilled conditions or contingencies attaching to these government grants.

Segment information

For management purposes, the Group has one major operating segment, which is "Retail". The Group operates department stores, shopping malls, outlets and supermarkets mainly in the PRC. Revenues arising from this segment include sales of goods in direct sales, commissions from concessionaire sales, consultancy and management service fees and rental income from tenants. Besides, the Group provides consumer financing business which is carried out by Parkson Credit Sdn. Bhd. ("Parkson Credit") in Malaysia.

Revenue from external customers are mostly generated in the PRC and almost all significant operating assets of the Group are located in the PRC. Since revenue from external customers and non-current assets excluding financial instruments and deferred tax assets of overseas companies outside the PRC are not material to the Group's consolidated revenue and non-current assets excluding financial instruments and deferred tax assets, management believes there is no need to disclose geographical information.

5. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Staff costs excluding directors' and chief executive's remuneration:		
– Wages, salaries and bonuses	**167,627**	179,501
– Pension scheme contributions*	**20,079**	21,717
– Social welfare and other costs	**59,569**	33,135
	247,275	234,353
Directors' and chief executive's remuneration	**5,546**	5,310
Total staff costs	**252,821**	239,663
Rental expenses in respect of leased properties:		
– Lease payments not included in the measurement of lease liabilities	**37,505**	44,105
Gross rental income in respect of investment properties	**(103,727)**	(98,907)
Lease income in respect of subleases of properties under operating leases:		
– Minimum lease payments**	**(170,185)**	(146,566)
– Contingent lease payments***	**(52,860)**	(59,128)
Total gross rental income	**(326,772)**	(304,601)
Cost of inventories recognised as expenses	**773,476**	864,486
Depreciation and amortisation	**241,078**	255,900
Impairment of trade receivables	**46,056**	12,198
Impairment of prepayments and other receivables and other assets	**1,711**	21,029
Impairment of property, plant and equipment	**9,347**	81
Impairment of goodwill****	**24,400**	8,258
Loss on disposal of property, plant and equipment, net	**1,053**	492
Foreign exchange differences, net	**4,465**	52,635
Auditor's remuneration	**650**	600
Direct operating expenses arising from rental-earning investment properties	**10,588**	10,588

* As at 30 June 2025 and 2024, the Group had no forfeited contributions available to reduce its existing level of contributions to the retirement benefit schemes in future years.

** Minimum lease payments of the Group include pre-determined rental payments and minimum guaranteed rental payments for lease agreements without contingent rental payments.

*** Contingent lease payments are calculated based on a percentage of the relevant financial performance of the tenants pursuant to the rental agreements.

**** During the six months ended 30 June 2025 and 2024, impairment losses were recognised for the underperforming cash generating unit of Jiangxi Parkson Retail Co., Ltd.

6. FINANCE INCOME/(COSTS)

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Finance income:		
Bank interest income	**6,591**	12,821
Gain on redemption of financial assets at fair value through profit or loss	**285**	–
Change of fair value of financial assets at fair value through profit or loss	**467**	704
Finance income on the net investments in the subleases	**5,353**	9,291
	12,696	22,816
Finance costs:		
Interest on lease liabilities	**(147,527)**	(133,229)
Interest on interest-bearing bank loans and other borrowings	**(72,061)**	(109,991)
	(219,588)	(243,220)
Finance costs, net	**(206,892)**	(220,404)

7. INCOME TAX EXPENSE/(CREDIT)

The Group is subject to income tax on an entity basis on the assessable profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

An analysis of income tax expense/(credit) is as follows:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax	**39,188**	40,036
Deferred tax	**30**	(40,570)
	39,218	(534)

8. EARNINGS/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

The calculation of the basic earnings/(loss) per share is based on the profit/(loss) for the period attributable to ordinary equity holders of the Company, and the weighted average number of ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2025 and 2024.

The calculations of basic and diluted earnings/(loss) per share are based on:

	For the six months ended 30 June	
	2025	2024
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Earnings/(Loss)		
Profit/(Loss) attributable to ordinary equity holders of the Company, used in the basic and diluted earnings/(loss) per share calculations	**22,468**	(18,641)

	For the six months ended 30 June	
	2025	2024
	'000	*'000*
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic and diluted earnings/(loss) per share calculations	**2,634,532**	2,634,532

9. INTERIM DIVIDEND

The Board approved the payment of an interim dividend of RMB0.02 in cash per share. The interim dividend will be paid in Hong Kong dollars, such amount is to be calculated by reference to the middle rate published by People's Bank of China for the conversion of Renminbi to Hong Kong dollars as at 25 September 2025.

The interim dividend will be payable on 15 October 2025 to the shareholders whose name appears on the Register of Members of the Company at the close of business on 25 September 2025.

10. TRADE RECEIVABLES

Trade receivables mainly arise from purchase by customers with credit cards and credit services arise from loan receivables. The credit period of trade receivables is generally one month. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances, except for loan receivables which are secured over the motor vehicles of customers. Among the balance, RMB1,151,638,000 (31 December 2024: RMB977,799,000) are with an interest rate range from 6.6% to 16.0% per annum (31 December 2024: 6.6% to 16.0% per annum) depending on the payment term of loan receivables, while others are interest-free.

An ageing analysis of the trade receivables as at 30 June 2025 and 31 December 2024 based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	*RMB'000*
	Unaudited	Audited
Within 1 year	**398,437**	366,390
1 to 2 years	**336,423**	276,937
Over 2 years	**453,601**	400,196
	1,188,461	1,043,523

11. TRADE PAYABLES

An ageing analysis of the trade payables is as follows:

	As at 30 June 2025	As at 31 December 2024
	RMB'000	*RMB'000*
	Unaudited	Audited
Within 3 months	**391,161**	562,875
4 to 12 months	**13,276**	3,430
Over 1 year	**19,219**	19,876
	423,656	586,181

12. CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from 24 September 2025 to 25 September 2025 (both dates inclusive). During such period no transfer of shares will be registered. In order to qualify for the interim dividend, all transfer of shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 23 September 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

The Board would like to present the interim results of the Group for the six months ended 30 June 2025 (the "Review Period").

During the Review Period, the global economic environment faced persistent headwinds characterised by heightened uncertainties. It is entering a "low growth, high volatility" new normal, shaped by escalating trade conflicts and policy volatility. Even though the economy of the People's Republic of China (the "PRC") has demonstrated strong resilience and vitality, the consumption market in the PRC is going through a landscape of moderate consumption recovery and deepening consumption fragmentation. This highlights the need for continued vigilance and strategic planning to adapt to these evolving conditions.

The PRC government has implemented targeted stimulus measures, including fiscal incentives and sector-specific support policies to boost economic activities. The Group will proactively monitor and leverage these initiatives to capture emerging opportunities.

FINANCIAL RESULTS

During the Review Period, the Group recorded gross sales proceeds of RMB4,155.3 million (including value-added tax), representing a decrease of 11.5% compared to the same period last year. This decline was mainly attributable to increasing cautious consumer spending behavior as a result of heightened external environmental uncertainties and subdued income growth expectations. Same-Store-Sales ("SSS") decreased by 18.4% during the Review Period. The operating profit of the Group during the Review Period was RMB257.6 million as compared with RMB193.8 million for the same period last year, representing an increase of RMB63.8 million.

As of 30 June 2025, the Group and its associates operated and managed 43 Parkson stores, including department stores, shopping malls, outlets, the "Parkson Beauty" concept store and supermarkets as well as 2 Parkson Newcore City Malls, across 26 cities in the PRC and Laos.

OPERATIONAL REVIEW

Over these last several years, the PRC consumer spending behavior is undergoing continuous evolution. The PRC consumers' spending is becoming more focused on cost-effectiveness and placing higher emphasis on quality, brand recognition, and service. Also, there is an increasing focus on emotional and experiential aspects.

In response, the Group is committed to becoming a premier commercial space innovator and will focus on implementing a series of operational improvement plans to transform the stores from mere "commodity marketplaces" into "dynamic epicenters for lifestyle innovation". These include refining the brand portfolio, curating product selections, and designing experiential spatial layouts and scenario-based environment that align with the evolving consumer preferences while provide them with emotional value and experiences.

Hefei Parkson has successfully transformed from a traditional department store into an experiential Anime, Comics, Games, and Novels (ACGN)-themed commercial complex. It has established a comprehensive ACGN cultural ecosystem and emerged as Hefei's premier youth lifestyle destination. This initiative represents another breakthrough for the Group in the youth market and was reported by CCTV-13's program <24 Hours> on 30 March 2025.

The Group will continue to revamp and remodel the stores as part of its continuous efforts to enhance the stores' image. At the same time, the Group will adjust the brand mix and introduce new shopping experiences to keep pace with evolving market trends. By providing a comfortable shopping environment and high-quality products, the Group aims to better serve our customers to ensure a satisfying retail experience.

In May 2025, Datong Parkson Outlets officially commenced operations. As the third store launched by the Group in Datong City, it serves as a key "commerce + cultural tourism" integrated complex in North China. The store combines with the upscale hotels, multifunctional apartments, international cinema, and entertainment facilities, centered around "immersive omni-scene experiences" concept, offering customers with one-stop "stay-shop-dine-entertain" services. Furthermore, Datong Parkson Outlets, Datong Parkson Yongtai Store, and Datong Parkson Yunzhong Store through differentiated positioning (outlets, premium department store, and shopping mall), complement each other's resources, driving a synergistic upgrade in the city's commercial ecosystem.

In the second half of the year, the Group plans to open a shopping mall in Mianyang City, Sichuan Province. This store will be the fifth store in Mianyang City. The Group aims to serve our customers with diverse consumption needs and habits, and provide them with exceptional shopping and lifestyle experiences.

OUTLOOK AND FUTURE PLANS

Looking ahead, amid the growing diversity in consumer demands and the increasing competition in the retail industry, the Group remains focused on its core business and operational innovation to stay agile and competitive in a rapidly changing market.

Despite the complex and volatile prevailing economic environment, the Group remains active in seeking strategic business expansion to seize growth opportunities where the Group has established presence, while investing in stores renovation to enhance the overall shopping experience for our customers.

FINANCIAL REVIEW

GSP and total operating revenues

The Group recorded total GSP (inclusive of value-added tax) of RMB4,155.3 million or RMB3,767.5 million (net of value-added tax) in 1H2025, representing a decrease of 11.5% as compared to the same period of last year. The weaker sales performance as compared to the same period last year was primarily due to increasingly cautious consumer spending behavior as a result of heightened external environmental uncertainty and subdued household income growth expectations. SSS decreased by 18.4% in 1H2025 as compared to the same period of last year.

Total merchandise sales

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

	For the six months ended 30 June				
	2025		**2024**		**Year-on-year**
	RMB'000	***% of total***	*RMB'000*	*% of total*	**change (%)**
Concessionaire sales	**2,098,512**	**70.3%**	2,624,925	72.5%	(20.1%)
Direct sales	**884,586**	**29.7%**	995,320	27.5%	(11.1%)
	2,983,098	**100.0%**	3,620,245	100.0%	(17.6%)

Concessionaire sales which constituted 70.3% of the Group's total merchandise sales in 1H2025, decreased by 20.1% as compared to the same period of last year; while direct sales decreased by 11.1% as compared to the same period of last year. The Group's sales in 1H2025 decreased across both concessionaire sales and direct sales as compared to 1H2024.

Merchandise gross margin

The Group's merchandise gross margin, a combination of concessionaire commission rate and the direct sales margin, increased from 13.2% in 1H2024 to 13.6% in 1H2025.

Total operating revenues

Total operating revenues of the Group increased by 0.9% to RMB1,962.8 million in 1H2025 as compared to RMB1,944.7 million in 1H2024. The increase in total operating revenues was mainly due to increase in other income arising from lease modification and termination and increase in revenue from credit services though partially offset by decrease in sale of goods from direct sales and commissions from concessionaire sales.

The revenue from contracts with customers which constituted 60.2% of our total operating revenues in 1H2025, decreased by RMB167.2 million or 12.4% as compared to the same period of last year. The revenue from contracts with customers consists of sale of goods from direct sales, commissions from concessionaire sales and consultancy and management service fees.

Operating Expenses

Purchases of goods and changes in inventories

Purchases of goods and changes in inventories represent the cost of sales for direct sales. Cost of sales decreased by RMB91.0 million or 10.5% from RMB864.5 million in 1H2024 to RMB773.5 million in 1H2025. The decreased in purchases of goods and changes in inventories is consistent with the decreased in sale of goods from direct sales.

Staff costs

Staff costs increased by RMB13.2 million or 5.5% from RMB239.7 million in 1H2024 to RMB252.8 million in 1H2025. The increase was mainly due to staff cost related to store closures. On a same store basis, staff costs increased by 4.6% in 1H2025.

Staff costs as a percentage of GSP increased from 5.7% in 1H2024 to 6.7% in 1H2025.

Depreciation and amortisation

Depreciation and amortisation decreased by 5.8% from RMB255.9 million in 1H2024 to RMB241.1 million in 1H2025. The decrease was mainly due to fully depreciated leasehold improvements for certain stores and closure of underperforming stores. In 1H2025, depreciation expenses on right-of-use assets of RMB151.7 million was recognised as compared to RMB155.4 million in 1H2024. On a same store basis, depreciation and amortisation decreased by 6.1% in 1H2025.

Depreciation and amortisation as a percentage of GSP increased from 6.1% in 1H2024 to 6.4% in 1H2025.

Rental expenses

Rental expenses decreased by RMB6.6 million or 15.0% from RMB44.1 million in 1H2024 to RMB37.5 million in 1H2025. The decrease was mainly due to decrease in variable rent and closure of underperforming stores. On a same store basis, rental expenses decreased by 8.2% in 1H2025.

Rental expenses as a percentage of GSP remain consistent as 1.0% in 1H2024 and 1H2025.

Other operating expenses

Other operating expenses which consist primarily of (a) utilities cost; (b) marketing, promotional and selling expenses; (c) property management expenses; (d) general administrative expenses; and (e) city development and educational surcharge, increased by 15.4% from RMB346.8 million in 1H2024 to RMB400.3 million in 1H2025. The increase in other operating expenses was mainly due to impairment allowance provided on loan receivable for the credit services business and expenses provided for store closures. On a same store basis, other operating expense increased by 5.4% in 1H2025.

Other operating expenses as a percentage of GSP increased from 8.2% in 1H2024 to 10.6% in 1H2025.

Profit from operations

The Group generated a profit from operations of RMB257.6 million in 1H2025, an increase of RMB63.8 million as compared to RMB193.8 million recorded in 1H2024.

Profit from operations as a percentage of GSP increased from 4.6% in 1H2024 to 6.8% in 1H2025.

Finance income/(costs)

The Group incurred net finance costs of RMB206.9 million in 1H2025 which represented a decrease of RMB13.5 million or 6.1% compared to RMB220.4 million 1H2024. The decrease in finance cost mainly resulted from the decrease in interest on bank loans and other borrowings.

For interest expense on the lease liabilities, RMB147.5 million was recognised in finance cost in 1H2025 as compared to RMB133.2 million in 1H2024. For interest income on the net investments in sublease, RMB5.4 million was recognised in finance income in 1H2025 as compared to RMB9.3 million in 1H2024.

Share of profit from associates

The share of profit from associates was RMB9.4 million in 1H2025 and RMB8.9 million in 1H2024.

Profit/(Loss) before tax

Profit before tax was RMB60.2 million in 1H2025, compared to loss before tax of RMB17.8 million in 1H2024.

Profit before tax as a percentage of GSP was 1.6% in 1H2025, as compared to loss before tax as a percentage of GSP was (0.4%) in 1H2024.

Income tax expense/(credit)

Income tax expense was RMB39.2 million in 1H2025 as compared to income tax credit of RMB0.5 million in 1H2024.

Profit/(Loss) for the period

The Group recorded profit for the period of RMB20.9 million in 1H2025 as compared to loss of RMB17.2 million in 1H2024.

Profit/(Loss) attributable to owners of the Company

The Group recorded profit attributable to owners of the Company amounted to RMB22.5 million in 1H2025 as compared to loss attributable to owners of the Company of RMB18.6 million recorded in 1H2024.

Liquidity and financial resources

As at 30 June 2025, the Group had cash and bank balances of RMB1,355.7 million (31 December 2024: RMB1,466.5 million), time deposits of RMB67.0 million (31 December 2024: RMB35.4 million), financial assets at fair value through profit or loss of RMB73.7 million (31 December 2024: RMB66.7 million) and restricted cash of RMB28.4 million (31 December 2024: RMB64.0 million).

The Group's cash and cash equivalents are mainly denominated in Renminbi with the remaining denominated in United States dollars, Hong Kong dollars, Ringgit Malaysia and others.

Total debt to total assets ratio of the Group was 26.5% as at 30 June 2025 (31 December 2024: 24.7%).

Current assets and net assets

The Group's current assets as at 30 June 2025 was RMB2,730.9 million. Net assets of the Group as at 30 June 2025 was RMB3,139.9 million.

Information on the Financial Products

Financial assets at fair value through profit or loss refer to the non-principal preservation type wealth management products subscribed by the Group from licensed banks operate in the PRC. As at 30 June 2025, the fair value of these products was RMB73.7 million, accounting for approximately 0.7% of the total assets of the Group.

Pledge of assets

As at 30 June 2025, the Group has pledged trade receivables of RMB529.1 million, pledged buildings, investment properties and leasehold land with a net carrying amount of approximately RMB1,304.0 million, RMB513.2 million and RMB299.2 million, respectively, to secure the general bank loans. The Group has pledged unrealised receivables of RMB132.5 million which will be due within 48 months to secure the general interest-bearing bank loans. In addition, the Group has pledged deposits of RMB27.2 million held in designated bank accounts for performance guarantee.

Other than the aforesaid, no other assets are pledged to any bank or lender.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2025, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2025, the Company has fully complied with the Corporate Governance Code (the "CG Code") (to the extent that such provisions are applicable) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (collectively, the "Listing Rules").

MODEL CODE FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the "Model Code") as its code of conduct regarding Directors' securities transaction. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2025.

AUDIT COMMITTEE

The Audit Committee (the "Committee") has been established by the Company to review the financial reporting matters, internal control and maintain an appropriate relationship with the Company's external auditor. The Committee has reviewed the Group's unaudited condensed consolidated financial statements for the six months ended 30 June 2025, including the accounting principles and policies adopted by the Group. The Committee comprises the non-executive director and three independent non-executive directors of the Company, one of whom has appropriate professional qualification and experience in financial matters as required by the Listing Rules.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This announcement will be published on the websites of the Stock Exchange and of the Company. The interim report for the six months ended 30 June 2025 containing all the information required by Appendix D2 to the Listing Rules will be despatched to shareholders and published on the websites of The Stock Exchange of Hong Kong Limited and of the Company in due course.

ACKNOWLEDGEMENT

I would like to thank the Board, management and all our staff for their hard work and dedication. I would also like to thank the shareholders and business associates for their strong support to the Group.

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

21 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 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.