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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 TRANSACTION: SUPPLEMENTAL AGREEMENT TO TENANCY AGREEMENT IN RESPECT OF PROPERTY IN HEFEI CITY, ANHUI PROVINCE, THE PRC

RENEWAL OF THE HEFEI TENANCY

On 8 December 2025, Hefei Parkson (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Supplemental Agreement with Hefei Xingtai (as landlord) in respect of the renewal of the Hefei Tenancy. Hefei Parkson has been occupying the Hefei Property for its retail business since 2001, and the parties have agreed to renew the Hefei Tenancy for a term up to 28 February 2034 pursuant to the Supplemental Agreement.

Pursuant to IFRS 16, the Group is required to recognise the Hefei Property as a right-of-use asset. Thus, the entering into of the Supplemental Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group 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 RMB157.2 million, which is calculated based on the present value of the rent payments to be made under the Supplemental Agreement in accordance with IFRS 16.

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 entering into of the Supplemental Agreement constitutes a major transaction for the Company, and is therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

WRITTEN SHAREHOLDERS' APPROVAL

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder or any of their respective associates has any material interest in the Hefei Tenancy or the Supplemental Agreement. Accordingly, none of the Shareholders is required to abstain from voting in favour of the resolution to approve the entering into of the Supplemental Agreement and the transactions contemplated thereunder, if the Company were to convene a general meeting to seek such approval.

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 entering into of the Supplemental Agreement and the transactions contemplated thereunder. 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.

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.

GENERAL

A circular containing, among other things, information relating to the Supplemental Agreement and the Hefei Tenancy 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 December 2025.

RENEWAL OF THE HEFEI TENANCY

The Board is pleased to announce that on 8 December 2025, Hefei Parkson and Hefei Xingtai had entered into the Supplemental Agreement, pursuant to which the parties have agreed to the terms of the renewed tenancy for the Hefei Property, including the supplements and amendments to the original tenancy agreement.

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

Parties	:	Tenant: Hefei Parkson Landlord: Hefei Xingtai
Property	:	Relevant parts of Level LG1 to Level 5 of the North Building of Xiaoyao Plaza, Huaihe Road, Hefei City (合肥市淮河路逍遙廣場北樓), Anhui Province, the PRC; and Relevant parts of Level 3 and Level 4 of the South Building of Vegetable Market Complex, No. 45 Jiushiqiao Road, Hefei City (合肥市九獅橋路45號南樓菜場綜合樓), Anhui Province, the PRC.
Total gross area	:	45,036.99 sq. m.
Tenancy term	:	6 years from 1 March 2028 to 28 February 2034
Rent	:	Amounts payable by Hefei Parkson during the tenancy term comprises two parts: 1. fixed portion – fixed rent (including tax) in the amount of RMB35,671,575 per year; and 2. incremental revenue share portion – a. when the Annual Gross Revenue is RMB60 million or less, no incremental revenue share is payable for that year;

b. for the portion of Annual Gross Revenue exceeding RMB60 million up to RMB70 million (inclusive), Hefei Xingtai is entitled to 40% of such portion of Annual Gross Revenue;

c. for the portion of Annual Gross Revenue exceeding RMB70 million up to RMB100 million (inclusive), Hefei Xingtai is entitled to 60% of such portion of Annual Gross Revenue; and

d. for the portion of Annual Gross Revenue exceeding RMB100 million, Hefei Xingtai is entitled to 50% of such portion of Annual Gross Revenue.

Note: Annual Gross Revenue means the gross revenue derived from business operations at the Hefei Property received by Hefei Parkson during the year. The calculation of Annual Gross Revenue = Operating Revenue + Rental Revenue + Other Business Revenue – Cost of Sales – Consumption Tax.

Audit : During the period from March to May of each calendar year, Hefei Xingtai shall engage a qualified auditor to conduct an independent audit of Hefei Parkson's operational performance for the previous year.

The audit fees shall be borne by Hefei Xingtai, and the audit work shall be completed within 60 days from the date the auditor is engaged.

Based on the final audit report, the annual rent settlement (comparing the total rent due against the prepaid rent) shall be completed by Hefei Parkson within 20 working days after receiving the VAT invoice. Any deficiency of annual rent shall be paid by Hefei Parkson to Hefei Xingtai and any overpayment shall be refunded to Hefei Parkson by Hefei Xingtai within 20 working days upon Hefei Parkson's request.

Prepaid rent	:	During the tenancy term, the prepaid rent for each upcoming year is due by 28 January of each calendar year. The amount of prepaid rent is determined based on the final audited total rent (fixed portion + incremental revenue share portion) from the previous operating year. If the audit for the previous operating year has not been completed, the audited total rent from the most recent operating year for which an audit has been finalised shall apply. In the event that the amount of prepaid rent determined is less than RMB40 million, a prepaid rent of RMB40 million shall be paid.
Deposit	:	RMB10,000,000, which has already been paid pursuant to the original tenancy agreement. The deposit shall be returned to Hefei Parkson without interest within 90 working days after the expiration of the tenancy term (i.e. 28 February 2034) or the termination of the Hefei Tenancy, and after Hefei Parkson has settled all rent and other expenses (including penalties, if any) payable during the tenancy term. If Hefei Parkson breaches the Hefei Tenancy, Hefei Xingtai shall be entitled to deduct the relevant amount directly from the deposit.
Use	:	Retail and wholesale trade including alcoholic beverages, apparel, stationery, food, electronics, etc., management of leased commercial facilities, delivery services, technical consulting, agricultural procurement, and other related services.
Right to sub-let	:	Hefei Parkson has the right to sub-let portions of the Hefei Property for operational needs, provided that the term of any sub-lease shall not extend beyond the tenancy term of the Hefei Tenancy. Hefei Parkson shall bear joint and several liability for all obligations of any sub-lessee, and shall promptly submit a copy of all executed sub-leases to Hefei Xingtai for record.

Renewal : If Hefei Parkson wishes to further renew the Hefei Tenancy, it shall participate in the new public bidding process for the tenancy and shall have a right of first refusal under equal conditions.

Termination : In the event of the occurrence of any of the following circumstances, the Supplemental Agreement shall be terminated, and the rent and all other fees shall be calculated based on the actual rental period by Hefei Parkson. Neither party will be held liable for breach of the Supplemental Agreement, nor shall one party be liable for any economic compensation to the other:

1. The Hefei Property has been legally included in the demolition scope due to urban construction needs.

2. The Hefei Property needs to be demolished for overall commercial development in the area where it is located.

3. The Hefei Property is damaged or lost due to natural disasters or other force majeure.

4. Other unforeseen factors that prevent the parties' performance of the obligations under the Supplement Agreement.

FACILITIES RENOVATION AGREEMENT

On the same date as the Supplemental Agreement, Hefei Parkson and Hefei Xingtai also entered into the Facilities Renovation Agreement, pursuant to which Hefei Xingtai shall lead the renovation of the Hefei Property's facilities and equipment as requested by Hefei Parkson. Hefei Parkson undertakes to pay on behalf of the Landlord, the renovation cost of facilities and equipment with the amount equals to the bidding price as determined through public bidding process organised by Hefei Xingtai. Hefei Xingtai undertakes to reimburse such amount to Hefei Parkson in annual instalments, each representing 10% of the payment made by Hefei Parkson, over the remaining term of the Hefei Tenancy. Any outstanding balance shall be reimbursed to Hefei Parkson by Hefei Xingtai within 30 business days of the expiration of the Hefei Tenancy or its early termination.

As at the date of this announcement, Hefei Parkson has not made any payment under the Facilities Renovation Agreement.

BASIS FOR DETERMINATION OF THE RENT AND OTHER INFORMATION

The terms of the Supplemental Agreement (including rent) were determined after arm's length negotiations between the landlord and the tenant of the Hefei Tenancy, with reference to the prevailing market rates for properties of similar type, age and location with the Hefei Property.

The rent and other amounts payable by Hefei Parkson under the Hefei Tenancy are expected to be financed by the internal resources of the Group.

INFORMATION ON THE PARTIES

The Group and Hefei 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.

Hefei Parkson is an indirect wholly-owned subsidiary of the Company principally engaged in the operation of department store in Hefei City.

Hefei Xingtai

Hefei Xingtai is a company established in the PRC, and principally engaged in the business of equity investment and management. Hefei Xingtai is a 100% subsidiary of Hefei Xingtai Financial Holding (Group) Co., Ltd.*（合肥興泰金融控股(集團)有限公司), which is a wholly-owned subsidiary of the Hefei Municipal State-owned Asset Supervision and Administration Commission.

To the best knowledge and belief of the Directors, and having made all reasonable enquiries, Hefei Xingtai and its ultimate owner 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 ENTERING INTO THE SUPPLEMENTAL AGREEMENT

The Group has been operating and managing its department store in Hefei for more than 20 years, where the Group has gained good reputation and market recognition. The department store has accumulated numerous brands, customers and government and other resources, which has facilitated the Group's establishment of a solid foundation for its business in Hefei. Hefei is an important provincial capital city in Eastern China in which enterprises establish their business operations. The Group's existing department store in this city therefore has great strategic significance, acting as bridgeheads and incubators for the Group's continuous development in Eastern China.

While business has suffered in the past few years, the store in Hefei has successfully pivoted from traditional department store to a subletting business model focusing on the ACG (Anime, Comics and Games) sectors. Its transformation has been receiving positive market feedback and coverage from key national media outlets and stands as a successful flagship store of the Group. The Board believes that the existing department store 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 Hefei 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 Agreement and the renewed Hefei Tenancy are fair and reasonable, and also having taken into account the above reasons and benefits, the Board considers that the entering into of the Supplemental Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Supplemental Agreement

Pursuant to IFRS 16, the Group is required to recognise the Hefei Property as a right-of-use asset. Thus, the entering into of the Supplemental Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group 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 RMB157.2 million, which is calculated based on the present value of the rent payments to be made under the Supplemental Agreement in accordance with IFRS 16.

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WRITTEN SHAREHOLDERS' APPROVAL

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DEFINITIONS

In this announcement, the following terms have the meaning 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.
"Facilities Renovation Agreement"	means the facilities renovation agreement in respect of the Hefei Property entered into between Hefei Parkson and Hefei Xingtai on 8 December 2025.
"Group"	means the Company and its subsidiaries.

"Hefei Tenancy"	means the tenancy for the Hefei Property as renewed pursuant to the Supplemental Agreement.
"Hefei Parkson"	means Hefei Parkson Xiaoyao Plaza Co., Ltd.*（合肥百盛逍遙廣場有限公司), a company incorporated in the PRC and an indirect wholly-owned subsidiary of the Company.
"Hefei Property"	Relevant parts of Level LG1 to Level 5 of the North Building of Xiaoyao Plaza, Huaihe Road, Hefei City*（合肥市淮河路逍遙廣場北樓), Anhui Province, the PRC; and Relevant parts of Level 3 and Level 4 of the South Building of Vegetable Market Complex, No. 45 Jiushiqiao Road, Hefei City*（合肥市九獅橋路45號南樓菜場綜合樓), Anhui Province, the PRC.
"Hefei Xingtai"	means Hefei Xingtai Equity Investment Management Co., Ltd.*（合肥興泰股權投資管理有限公司), a company incorporated in the PRC.
"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, 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.
"Shareholders"	means holders of the Shares.
"Shares"	means ordinary shares of nominal value of HK$0.02 each in the capital of the Company.

"Supplemental Agreement"	means the supplemental agreement to the original tenancy agreement in respect of the Hefei Property entered into between Hefei Parkson and Hefei Xingtai on 8 December 2025.
"sq. m."	means square metres.
"VAT"	means value-added tax.
"%"	means per cent.

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

8 December 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.

* *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.*