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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)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE RENEWAL OF A TENANCY IN SHANGHAI, THE PRC

SHANGHAI RENEWAL AGREEMENT

On 8 May 2026, Shanghai Hongqiao Parkson (as tenant), an indirect wholly-owned subsidiary of the Company, entered into the Shanghai Renewal Agreement with Shanghai Changning Real Estate (as landlord) in respect of the renewal of the Shanghai Hongqiao Tenancy. Since 2011, Shanghai Hongqiao Parkson has been occupying the Shanghai Hongqiao Property as tenant for its retail business and since 2015, indirectly through its joint venture company. With the current tenancy expiring on 30 June 2026, the parties have agreed to renew the Shanghai Hongqiao Tenancy for a term from 1 July 2026 to 31 December 2036 pursuant to the Shanghai Renewal Agreement.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, the Group is required to recognise the Shanghai Hongqiao Property as right-of-use asset, and the entering into of the Shanghai Renewal 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 RMB374.5 million, calculated with reference to the present value of the rent under the Shanghai Hongqiao Tenancy as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the Term.

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 100%, the entering into of the Shanghai Renewal Agreement constitutes a very substantial acquisition of the Company, and is therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

The EGM will be convened and held by the Company to seek the Shareholders' approval on the Shanghai Renewal Agreement. 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 Shanghai Hongqiao Tenancy or the Shanghai Renewal Agreement. Accordingly, none of the Shareholders is required to abstain from voting in favour of the resolution to approve the Shanghai Renewal Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information regarding the Shanghai Renewal Agreement and the Shanghai Hongqiao Tenancy; and (ii) the notice of the EGM, will be despatched to the Shareholders as soon as practicable but not later than 26 May 2026 in accordance with the Listing Rules.

INTRODUCTION

The Board is pleased to announce that on 8 May 2026, Shanghai Hongqiao Parkson and Shanghai Changning Real Estate had entered into the Shanghai Renewal Agreement, pursuant to which the parties agreed to the terms of the renewed Shanghai Hongqiao Tenancy, including the supplements and amendments to the Original Tenancy Agreement.

A summary of the principal terms of the Shanghai Hongqiao Tenancy and other relevant information is as follows:

Date	:	8 May 2026	
Parties	:	Tenant:	Shanghai Hongqiao Parkson Development Co., Ltd.*（上海虹橋百盛商貿有限公司）
		Landlord:	Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）
Shanghai Hongqiao Property	:	Relevant parts of (i) Level 1 to Level 6 of the building located at No. 789 Tianshan Road*（天山路789號） and (ii) Level LG1 to Level 5 of the building located at No. 889 Tianshan Road*（天山路889號）, both in Changning District, Shanghai, the PRC*（中國上海市長寧區）	
Total gross area	:	Approximately 49,480.35 sq. m.	
Term	:	1 July 2026 to 31 December 2036 (both days inclusive)	
Rent and payment terms	:	The rental during the Term shall be paid on a monthly basis in advance.	

The fixed rent is calculated based on the agreed rentable area of 49,480.35 sq. m., with the monthly rent (tax inclusive) for each period as follows:

Period	**Monthly fixed rent** *(RMB)*
1 July 2026 – 30 September 2031	5,192,344.23
1 October 2031 – 31 December 2036	5,342,846.96

During the Term, if the relevant PRC authorities adjust the applicable tax rate or collection rate, the tax-exclusive rent will remain unchanged and the tax-inclusive rent shall be adjusted accordingly, and the tenant shall pay the tax-inclusive rent based on the adjusted tax rate/collection rate.

Rent-free periods : During the Term, Shanghai Changning Real Estate agrees to grant Shanghai Hongqiao Parkson a total of 10 months of rent-free periods, with the last month of each lease year from 2027 onwards to be designated as a rent-free period, and not more than one month in each lease year. During any rent-free period, Shanghai Hongqiao Parkson shall not be required to pay rent, but shall continue to bear all costs for water, electricity, gas, telecommunications, property management fees and other related expenses.

During the Term, Shanghai Hongqiao Parkson will be entitled to additional rent-free periods of a total of six months, comprising two renovation periods of three months each, namely from 1 July 2027 to 30 September 2027 and from 1 October 2032 to 31 December 2032.

Shanghai Changning Real Estate has agreed that Shanghai Hongqiao Parkson may carry out such renovation works, subject to the renovation plan being filed for record. During each renovation period, Shanghai Hongqiao Parkson will not be required to pay rent, but shall bear all utilities, property management fees and other operating expenses, and shall ensure that the renovation works comply with all applicable laws, regulations and property management requirements. All renovation works shall be carried out at the sole cost and expense of Shanghai Hongqiao Parkson.

During the Term, Shanghai Changning Real Estate has agreed to bear equipment upgrade expenses at the Shanghai Hongqiao Property up to an aggregate cap of RMB16,560,000.00, limited to the upgrade items and budget set out in the Shanghai Renewal Agreement. Shanghai Hongqiao Parkson is required to submit, by the end of July in each year during the Term, an implementation plan for the equipment upgrades for the following calendar year, which will be carried out in the subsequent year, subject to Shanghai Changning Real Estate's approval.

Deposit : RMB15,577,032.69, equivalent to three times the first monthly rent under the Term. The deposit of RMB8,097,824.00 previously paid under the Original Tenancy Agreement will be automatically carried forward and applied as part of the renewal deposit, and the balance of RMB7,479,208.69 shall be paid by Shanghai Hongqiao Parkson within ten business days after signing the Shanghai Renewal Agreement, upon which Shanghai Changning Real Estate will issue a valid receipt for the amount received.

Shanghai Changning Real Estate is entitled to deduct and set off against the deposit any unpaid rent, property fees (if any), management fees, late payment charges (as agreed between the parties), liquidated damages (as agreed between the parties), compensation (as agreed between the parties) and any other overdue amounts payable by Shanghai Hongqiao Parkson.

Upon expiry of the Term or earlier termination in accordance with the Shanghai Renewal Agreement, and provided that Shanghai Hongqiao Parkson has returned the Shanghai Hongqiao Property, settled all payable amounts and completed the required deregistration or change of the relevant licences (as tenant or sub-tenants), the landlord shall refund to Shanghai Hongqiao Parkson, without interest, the balance of the deposit remaining after deduction (if any).

Use : Operation of department store (mainly), services such as (but not limited to) the retail sale of consumer goods (including jewellery, watches and eyewear, computers, mobile phones, books and audio-visual products, pharmaceutical products, home appliances, clothing and footwear, cosmetics and toys), catering and food and beverage services, entertainment and leisure facilities, personal and lifestyle services (including beauty and hairdressing, fitness, photography and printing services and wedding services), as well as ancillary supermarket, office, storage and other commercial uses within the business scope of Shanghai Hongqiao Parkson as approved by the relevant PRC authorities.

Right to sub-let	:	Shanghai Hongqiao Parkson has the right to sub-let parts of (but not the whole of) the Shanghai Hongqiao Property. Shanghai Changning Real Estate has agreed that Shanghai Hongqiao Parkson may operate the premises through its joint venture company, Parkson Newcore, as the operating entity of the Shanghai Hongqiao Property. There is currently a sub-lease agreement between Shanghai Hongqiao Parkson and Parkson Newcore in respect of the Shanghai Hongqiao Property, which will expire on 30 June 2026. Subject to the finalization of business plan, the Company expects to enter into a renewal sub-lease agreement on terms to be agreed and continue to operate the Shanghai Hongqiao Property through Parkson Newcore after the expiry of the current sub-lease agreement.
Renewal	:	If Shanghai Hongqiao Parkson wishes to further renew the Shanghai Hongqiao Tenancy upon the expiry of the Term for a period of five (5) years, it shall submit a written request to Shanghai Changning Real Estate at least six months prior to the expiration of the Term, upon which the parties shall negotiate the terms of such further renewal, with the rental terms to be determined based on the agreed rent under the further renewal agreement and the then prevailing market conditions.

If the parties are unable to reach agreement on the renewal terms and enter into the relevant supplemental agreement no later than 90 days prior to the expiry of the Term, or if Shanghai Hongqiao Parkson does not submit such renewal request within the prescribed time, the Shanghai Hongqiao Tenancy shall terminate automatically upon the expiry of the Term.

Termination : Shanghai Changning Real Estate is entitled to terminate the Shanghai Hongqiao Tenancy in the event of a material breach by Shanghai Hongqiao Parkson, including where overdue rent exceeds RMB1 million and remains unpaid for more than 60 days after written demand.

In addition, either party is entitled to terminate the Shanghai Hongqiao Tenancy without liability where continued performance becomes impossible or unlawful due to governmental or legal events, including expropriation, demolition or changes in applicable laws or policies, or where the Shanghai Hongqiao Property is rendered unusable for a prolonged period due to force majeure.

Others : Save as expressly amended or supplemented by the Shanghai Renewal Agreement, the provision of the Original Tenancy Agreement shall remain in full force and effect.

Effective date : The Shanghai Renewal Agreement shall become effective upon the Company obtaining the Shareholders' approval on the Shanghai Renewal Agreement.

BASIS FOR DETERMINATION OF THE RENT AND OTHER INFORMATION

The terms of the Shanghai Renewal Agreement (including rent) were determined after arm's length negotiations between Shanghai Hongqiao Parkson and Shanghai Changning Real Estate, with reference to the prevailing market rates for properties of similar nature to the Shanghai Hongqiao Property (i.e. leased to a single anchor brand similar to Parkson) in the same area, adjusted based on differences in various aspects such as location and environment, age and maintenance, size, decoration standard, floors and other physical characteristics.

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

INFORMATION OF THE PARTIES

The Group

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.

Shanghai Hongqiao Parkson

Shanghai Hongqiao Parkson is a company established in the PRC and an indirect wholly-owned subsidiary of the Company principally engaged in the management and operation of department stores in the PRC.

Financial Information of Shanghai Hongqiao Parkson in relation to the Shanghai Hongqiao Property

The financial information set out in the following table is extracted from the unaudited consolidated financial information of Shanghai Hongqiao Parkson in relation to the Shanghai Hongqiao Property under the Original Tenancy Agreement for the two years ended 31 December 2024 and 31 December 2025, respectively:

	For the year ended 31 December 2024	**For the year ended 31 December 2025**
	(unaudited)	(unaudited)
	RMB'000	*RMB'000*
Net loss before taxation	–1,136 *(Note)*	–1,038 *(Note)*
Net loss after taxation	–1,445 *(Note)*	–1,392 *(Note)*

Note: The net losses before and after taxation for both years arise mainly because: (i) the sub-leasing arrangement with Parkson Newcore yields no profit margin; and (ii) a minor portion of the Shanghai Hongqiao Property is occupied by the Group for its own office use and is not sub-leased, thereby resulting in net losses.

Parkson Newcore

Parkson Newcore is a company established in the PRC, and a joint venture principally engaged in the operation of department store. It is ultimately owned as to 49% by the Group and 51% by E-Land Fashion, respectively. E-Land Fashion is a company established in Hong Kong and principally engaged in the business of investment, wholesale and trading of clothing and accessories. E-Land Fashion is ultimately wholly-owned by Eland World Limited, a business-oriented holding company established in Korea and principally engaged in the business of fashion operations. Based on publicly available source, Mr. Park Sung Soo (朴聖秀) holds 40.68% equity interest in Eland World Limited, being the single largest shareholder and the actual controller.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, E-Land Fashion 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).

Shanghai Changning Real Estate

Shanghai Changning Real Estate is a company established in the PRC and principally engaged in the business of development, construction, lease and management of real estate in the PRC. Shanghai Changning Real Estate is wholly-owned by Shanghai New Changning (Group) Co., Ltd.* (上海新長寧(集團)有限公司), which is wholly-owned by Shanghai Changning State-owned Assets Operation and Investment Co., Ltd. *(上海長寧國有資產經營投資有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of Changning District, Shanghai* (上海市長寧區國有資產監督管理委員會).

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, Shanghai Changning Real Estate 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 THE SHANGHAI HONGQIAO TENANCY

The Group has been operating and managing department stores in Shanghai, the PRC for more than 30 years where the Group and the Parkson brand maintains outstanding reputation, goodwill and market recognition, having accumulated numerous brands, customers and government resources. Shanghai continues to be the country's most populous financial centre, boasting the highest per capita disposable income and rising prospects, making it a battleground of great strategic significance for all enterprises wishing to establish their business operations in the PRC.

The Shanghai Hongqiao Property is strategically situated within a mature commercial hub in Shanghai, benefiting from exceptional accessibility via dual metro lines that ensure superior connectivity and robust daily foot traffic. Distinguished from conventional retail centers, the Shanghai Hongqiao Property adopts a unique "Urban Outlets" concept integrated with a distinctive Korean Wave Theme. This cultural fusion strategy, executed through Korean-style architectural elements, interior design motifs, and a curated mix of Korean fashion brands and star-endorsed products, creates an immersive shopping environment.

The Group, together with its joint venture partner, maintains an experienced and stable management team dedicated to the operation of the Shanghai Hongqiao Property. With a fixed-rent structure, clearly defined rent-free and renovation periods and landlord-funded equipment upgrades, the renewal of Shanghai Hongqiao Tenancy is expected to provide better visibility over occupancy costs, facilitate refurbishment and repositioning of the store and enhance its competitiveness and customer experience. The Board believes that continuing retail business at the Shanghai Hongqiao Property will have a positive impact on the future development of the Group.

Shanghai Hongqiao Parkson has been the contractual tenant of the Shanghai Hongqiao Property since the Original Tenancy Agreement was entered into in 2010, prior to the establishment of Parkson Newcore in 2015. As such it would be appropriate for Shanghai Hongqiao Parkson to continue act as the contractual tenant for the purpose of entering into the Shanghai Renewal Agreement to renew the Shanghai Hongqiao Tenancy.

Having taken into account the above, the Board is of the view that the terms of the Shanghai Renewal Agreement are fair and reasonable, and also having taken into account the above reasons and benefits, considers that the entering into of the Shanghai Renewal Agreement are in the interests of the Company and the Shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, the Group is required to recognise the Shanghai Hongqiao Property as right-of-use asset, and the entering into of the Shanghai Renewal 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 RMB374.5 million, calculated with reference to the present value of the rent under the Shanghai Hongqiao Tenancy as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the Term.

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 100%, the entering into of the Shanghai Renewal Agreement constitutes a very substantial acquisition of the Company, and is therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

EGM AND CIRCULAR

The EGM will be convened and held by the Company to seek the Shareholders' approval on the Shanghai Renewal Agreement. 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 Shanghai Hongqiao Tenancy or the Shanghai Renewal Agreement. Accordingly, none of the Shareholders is required to abstain from voting in favour of the resolution to approve the Shanghai Renewal Agreement and the transactions contemplated thereunder.

A circular containing, among other things, (i) further information regarding the Shanghai Renewal Agreement and the Shanghai Hongqiao Tenancy; and (ii) the notice of the EGM, will be despatched to the Shareholders as soon as practicable but not later than 26 May 2026 in accordance with the Listing Rules.

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.
"EGM"	means the extraordinary general meeting to be convened and held by the Company to seek the Shareholders' approval on the Shanghai Hongqiao Tenancy.

"E-Land Fashion"	means E-Land Fashion Hong Kong Limited(衣念時裝香港有限公司), a company incorporated in Hong Kong.
"Group"	means the Company and its subsidiaries.
"HK$"	means Hong Kong Dollars, the lawful currency of Hong Kong.
"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.
"Original Tenancy Agreement"	means the tenancy agreement dated 10 November 2010 entered into between Shanghai Changning Real Estate and the Group in respect of the Shanghai Hongqiao Property, as supplemented and amended on 28 September 2011 and 1 September 2015.
"Parkson Newcore"	means Parkson Newcore Retail Shanghai Ltd.*(百盛紐可爾瑞特商貿(上海)有限公司), a company incorporated in the PRC.
"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.
"Shanghai Changning Real Estate"	means Shanghai Changning Real Estate Management Co., Ltd.*(上海長寧房地產經營有限公司), a company incorporated in the PRC.
"Shanghai Hongqiao Parkson"	means Shanghai Hongqiao Parkson Development Co., Ltd.*(上海虹橋百盛商貿有限公司), a company incorporated in the PRC, and an indirectly wholly-owned subsidiary of the Company.
"Shanghai Hongqiao Property"	means the relevant parts of (i) Level 1 to Level 6 of the building located at No. 789 Tianshan Road (天山路789號) and (ii) Level LG1 to Level 5 of the building located at No. 889 Tianshan Road (天山路889號), both in Changning District, Shanghai, the PRC* (中國上海市長寧區).
"Shanghai Hongqiao Tenancy"	means the tenancy for the Shanghai Hongqiao Property as contemplated under the Shanghai Renewal Agreement.
"Shanghai Renewal Agreement"	means the tenancy agreement in respect of the Shanghai Hongqiao Property entered into between Shanghai Changning Real Estate and Shanghai Hongqiao Parkson on 8 May 2026.
"Shareholders"	means holders of the Shares.
"Shares"	means ordinary shares of nominal value of HK$0.02 each in the capital of the Company.
"sq. m."	means square metre.

"Term"	means the period from 1 July 2026 to 31 December 2036 during which the tenancy of the Shanghai Hongqiao Property is renewed pursuant to the Shanghai Renewal Agreement.
"%"	means per cent.

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

Hong Kong, 8 May 2026

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.

* *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.*