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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: ENTERING INTO A NEW BUSINESS ENTRUSTED MANAGEMENT AGREEMENT IN RESPECT OF A PROPERTY IN KUNMING CITY, THE PRC

THE BUSINESS ENTRUSTED MANAGEMENT AGREEMENT

On 29 May 2026, the Tenant (an indirect wholly-owned subsidiary of the Company) and the Landlord entered into the Second Management Agreement in respect of the entrustment of business management rights of the Property Atrium, being part of the Property located in Kunming City, the PRC.

IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, the entering into of the Second Management Agreement as a tenant will require the Group to recognise the Property Atrium as a right-of-use asset. Thus the entering into of the Second Management Agreement and the transactions contemplated thereunder, is 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 Second Management Agreement, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB33.5 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 Second Management Agreement constitutes a discloseable transaction for the Company, and is therefore subject to reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

1. INTRODUCTION

The Board is pleased to announce that on 29 May 2026, the Tenant and the Landlord entered into the Second Management Agreement in respect of the entrustment of business management rights of the Property Atrium.

Under the Existing Lease Agreements, the Tenant has leased other parts of the Property from the Landlord, which the Tenant has been operating as a department store. Prior to entering into the Second Management Agreement, the Tenant and the Landlord had entered into the First Management Agreement in respect of the entrustment of business management rights of the Property Atrium for a term of 5 years from 1 October 2021 to 30 September 2026. By entering into the Second Management Agreement, the entrustment will be extended for a further duration from 1 October 2026 to 15 January 2038 (or the date of termination of the Existing Lease Agreement, whichever is earlier).

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

2. BUSINESS ENTRUSTED MANAGEMENT AGREEMENT

Date	:	29 May 2026	
Parties	:	Tenant:	Kunming Yun Shun He Retail Development Co., Ltd.*（昆明雲順和商業發展有限公司）, an indirect wholly-owned subsidiary of the Company
		Landlord:	Brilliant Group Co., Ltd.*（柏聯集團有限公司）(formerly Kunming Bolian Real Estate Development Co., Ltd.*（昆明柏聯房地產開發有限公司）)
Relevant premises	:	The relevant areas and spaces in the Property Atrium of the Property at Bolian Plaza, 6 Sanshi Street, Kunming City, Yunnan Province（雲南省昆明市三市街6號柏聯廣場）, and other areas and spaces that the Parties recognise to have historically been reasonably extended and used	

Term	:	From 1 October 2026 to 15 January 2038 (or the date of termination of the Existing Lease Agreement, whichever is earlier)
Entrusted rights	:	Business management, business operations, planning and marketing, and other related business activities
Management fee	:	RMB1,250,000 (inclusive of tax) per quarter, payable four times a year
Payment	:	The quarterly management fee shall be settled by way of deduction from the recoupment payment in the total of sum of RMB5,826,883.56 to be given to the Tenant by the Landlord at the end of the term of the First Management Agreement, as a result of the Tenant's one-off prepayment of management fee under the First Management Agreement, until all such recoupment sum has been deducted.
Revocation or cancellation	:	In the event the Second Management Agreement is invalidated, revoked, or cancelled in accordance with the terms thereunder, the Landlord shall return the entire remaining management fee to the Tenant within 30 days from the Tenant's written notice. The Landlord agrees that if it fails to do so, such unreturned management fee shall be automatically applied towards prepayment of rental fees payable by the Tenant under the Existing Lease Agreements. Additionally, the Landlord shall be liable to pay the Tenant liquidated damages of RMB15,000,000 and excess sum of damages for direct and indirect loss suffered by the Tenant as a result of the Second Management Agreement being invalidated, revoked or cancelled.

3. BASIS FOR DETERMINATION OF THE MANAGEMENT FEE AND OTHER INFORMATION

The terms of the Second Management Agreement (including the management fee) were determined after arm's length negotiations between the Landlord and the Tenant, with reference to the prevailing market management fees for properties of similar type, age and location, and taking into account the Tenant's rental of other parts of the Property under the Existing Lease Agreements. The management fee and any other amounts payable by the Tenant under the Second Management 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 mainly participating in retail business and operation of department store and supermarket in Kunming.

4.2. The Landlord

The Landlord is a company established in the PRC carrying out business operations in China in leasing of non-residential real estate. The equity interest of the Landlord is owned as to 78.83% by PAKLUEN INTERNATIONAL LIMITED (柏聯國際有限公司), 10.62% by Kunming Jingyun Trading Co., Ltd.* (昆明井雲商貿有限責任公司) and 10.55% by Hongxin Investment Group Co., Ltd. (鴻鑫投資(集團)有限公司).

PAKLUEN INTERNATIONAL LIMITED (柏聯國際有限公司), an import and export trading company established in Hong Kong, is wholly-owned by Liu Xiangyun* (劉湘雲), who shall accordingly be regarded as the ultimate beneficial owner of the Landlord.

Kunming Jingyun Trading Co., Ltd.*（昆明井雲商貿有限責任公司）is a company established in the PRC and its scope of business primarily includes sales of decoration and construction material, hardware and electrical equipment, furniture and agricultural and sideline products. Kunming Jingyun Trading Co., Ltd.*（昆明井雲商貿有限責任公司）is wholly-owned by Liu Xiangyun*（劉湘雲), who shall accordingly be regarded as the ultimate beneficial owner of the Landlord.

Hongxin Investment Group Co., Ltd.（鴻鑫投資(集團)有限公司）is a company established in the British Virgin Islands. As of the date of this announcement, save for the above, the Company has no other information about the said entity, which is a minority shareholder of the Landlord.

As confirmed in the written statement by the Landlord, the ultimate beneficial owner of the Landlord is independent of and not connected with the Company and its connected persons. To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, the Landlord and its ultimate beneficial owner 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 BUSINESS ENTRUSTED MANAGEMENT AGREEMENT

The Group has been carrying out retail business at the Property since 2007. The operation at the Property as a department store has brought stable revenue to the Group during the past years. The entrustment of business management rights of the Property Atrium under the First Management Agreement enables the Group to operate the Property Atrium to organise promotional activities, enhancing the overall image and efficiency of the operation of the Property and driving traffic to the Group's retail business. The First Management Agreement, with a term from 1 October 2021 to 30 September 2026, led to the expansion of the Group's retail operations and presence at the Property. The Second Management Agreement, with a term from 1 October 2026 to 15 January 2038, would ensure the continuity of the Group's operations at a place which is familiar to the Group's customers for long term. The Board believes that the extended business management entrustment will have a positive impact on the future development of the Group.

The Board also believes that the terms of the Second Management Agreement are fair and reasonable, and also having taken into account the above reasons and benefits, the Board is of the view that the acceptance of business management entrustment per the Second Management Agreement, is in the interests of the Company and its shareholders as a whole.

6. IMPLICATIONS UNDER THE LISTING RULES

Pursuant to IFRS 16, the entering into of the Second Management Agreement as a tenant will require the Group to recognise the Property Atrium as a right-of-use asset. Thus the entering into of the Second Management Agreement and the transactions contemplated thereunder, is 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 Second Management Agreement, the amount recognised by the Group pursuant to IFRS 16 is approximately RMB33.5 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 Second Management Agreement constitutes a discloseable transaction for the Company, and is therefore subject to reporting and announcement requirements but is exempted from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

7. DEFINITIONS

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.

"Existing Lease Agreements"	means collectively, the various lease agreements and ancillary agreements in respect of relevant parts of the Property entered into between the Landlord and the Tenant dated 1 November 2006, 10 July 2008, 19 July 2010, 18 October 2013, 31 December 2014, 18 April 2015 and 27 February 2019 with a term for the period from 21 February 2019 to 15 January 2038.
"First Management Agreement"	means the business entrusted management agreement in respect of the Property Atrium entered into between the Landlord and the Tenant for a term of 5 years from 1 October 2021 to 30 September 2026.
"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, which sets out the principles for the recognition, measurement, presentation and disclosure of leases.
"Landlord"	means Brilliant Group Co., Ltd.*（柏聯集團有限公司）(formerly Kunming Bolian Real Estate Development Co., Ltd.*（昆明柏聯房地產開發有限公司）), 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.
"Property"	means Bolian Plaza, 6 Sanshi Street, Kunming City, Yunnan Province*（昆明市三市街6號柏聯廣場）.
"Property Atrium"	means the atrium area of the Property.

"RMB"	means Renminbi, the lawful currency of the PRC.
"Second Management Agreement"	means the new business entrusted management agreement in respect of the Property entered into between the Landlord and the Tenant dated 29 May 2026.
"Tenant"	means Kunming Yun Shun He Retail Development Co., Ltd.* (昆明雲順和商業發展有限公司), a company established in PRC and an indirect wholly-owned subsidiary of the Company.

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

29 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 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.*