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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)**

**INTERIM RESULTS FOR THE SIX MONTHS  
ENDED 30 JUNE 2024**

**HIGHLIGHTS**

Total operating revenues for the period amounted to RMB1,944.7 million, representing a decrease of 12.3% as compared to RMB2,218.2 million for the corresponding period of last year.

Same store sales (“SSS”) for the period decreased by 13.3%.

Total gross sales proceeds (“GSP”) inclusive of value-added tax for the period were RMB4,692.8 million, representing a year-on-year decrease of 12.5%.

Profit from operations for the period was RMB193.8 million, representing a decrease of RMB71.0 million as compared to RMB264.8 million for the corresponding period of last year.

Loss attributable to owners of the Company for the period was RMB18.6 million and profit attributable to owners of the Company was RMB63.1 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 2024**

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 2024 (“1H2024”) with comparative figures for the corresponding period in the year 2023 (“1H2023”). 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

	<i>Notes</i>	For the six months ended 30 June	
		2024	2023
		<i>RMB'000</i> Unaudited	<i>RMB'000</i> Unaudited
<b>Revenues</b>	4	1,719,784	1,961,221
Other operating revenues	4	<u>224,942</u>	<u>257,000</u>
<b>Total operating revenues</b>		<u><b>1,944,726</b></u>	<u>2,218,221</u>
<b>Operating expenses</b>			
Purchases of goods and changes in inventories		(864,486)	(999,261)
Staff costs		(239,663)	(250,802)
Depreciation and amortisation		(255,900)	(302,103)
Rental expenses		(44,105)	(43,203)
Other operating expenses		<u>(346,793)</u>	<u>(358,037)</u>
<b>Total operating expenses</b>		<u><b>(1,750,947)</b></u>	<u>(1,953,406)</u>
<b>Profit from operations</b>		<b>193,779</b>	264,815
Finance income	6	22,816	27,444
Finance costs	6	(243,220)	(249,304)
Share of profits of:			
– A joint venture		–	10,025
– Associates		<u>8,862</u>	<u>7,602</u>
<b>(Loss)/Profit before tax</b>	5	<b>(17,763)</b>	60,582
Income tax credit	7	<u>534</u>	<u>6,140</u>
<b>(Loss)/Profit for the period</b>		<u><b>(17,229)</b></u>	<u>66,722</u>
Attributable to:			
– Owners of the Company		(18,641)	63,093
– Non-controlling interests		<u>1,412</u>	<u>3,629</u>
		<u><b>(17,229)</b></u>	<u>66,722</u>
<b>(LOSS)/EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY</b>	8		
Basic and diluted		<u><b>(RMB0.007)</b></u>	<u>RMB0.024</u>

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>
	Unaudited	Unaudited
<b>(Loss)/Profit for the period</b>	<b>(17,229)</b>	66,722
<b>Other comprehensive expense</b>		
Other comprehensive expense that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	(27,315)	(52,752)
Other comprehensive expense that will not be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of the Company	(3,409)	(30,226)
<b>Other comprehensive expense for the period, net of tax</b>	<b>(30,724)</b>	(82,978)
<b>Total comprehensive expense for the period</b>	<b>(47,953)</b>	(16,256)
Attributable to:		
– Owners of the Company	(49,365)	(19,885)
– Non-controlling interests	1,412	3,629
	<b>(47,953)</b>	(16,256)

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<i>Notes</i>	As at <b>30 June 2024</b> <i>RMB'000</i> <b>Unaudited</b>	As at 31 December 2023 <i>RMB'000</i> Audited
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		2,737,277	2,807,192
Investment properties		537,880	548,468
Right-of-use assets		2,264,233	2,081,520
Goodwill		1,628,425	1,636,683
Investments in associates		47,054	51,715
Trade receivables	10	501,730	391,917
Time deposits		27,202	27,202
Other assets		167,597	233,520
Deferred tax assets		291,256	263,494
		<b>8,202,654</b>	8,041,711
<b>CURRENT ASSETS</b>			
Inventories		382,781	421,717
Trade receivables	10	314,821	289,215
Prepayments and other receivables		434,899	566,432
Financial assets at fair value through profit or loss		68,244	57,540
Restricted cash		132,550	100,191
Time deposits		3,437	16,563
Cash and bank balances		1,443,791	1,583,414
		<b>2,780,523</b>	3,035,072
<b>CURRENT LIABILITIES</b>			
Trade payables	11	514,502	702,563
Other payables and accruals		560,593	677,887
Contract liabilities		589,416	615,709
Interest-bearing bank loans		195,315	161,350
Lease liabilities		587,871	656,677
Tax payable		25,123	27,619
		<b>2,472,820</b>	2,841,805
<b>NET CURRENT ASSETS</b>		<b>307,703</b>	193,267
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>8,510,357</b>	8,234,978

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 June 2024 <i>RMB'000</i> Unaudited	As at 31 December 2023 <i>RMB'000</i> Audited
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank loans	2,524,526	2,330,564
Lease liabilities	2,503,431	2,360,886
Deferred tax liabilities	213,573	226,381
	5,241,530	4,917,831
<b>NET ASSETS</b>	<b>3,268,827</b>	<b>3,317,147</b>
<b>EQUITY</b>		
Issued capital	55,477	55,477
Reserves	3,140,100	3,189,465
	3,195,577	3,244,942
<b>Non-controlling interests</b>	<b>73,250</b>	<b>72,205</b>
<b>TOTAL EQUITY</b>	<b>3,268,827</b>	<b>3,317,147</b>

# 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 2024 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 2023.

### 3. GROSS SALES PROCEEDS

	For the six months ended 30 June	
	2024 <i>RMB'000</i> Unaudited	2023 <i>RMB'000</i> Unaudited
Sale of goods from direct sales	995,320	1,164,266
Gross revenue from concessionaire sales	<u>2,624,925</u>	<u>3,003,808</u>
Total merchandise sales	3,620,245	4,168,074
Others (including consultancy and management service fees, gross rental income, credit services income and other operating revenues)	<u>601,911</u>	<u>655,615</u>
Total gross sales proceeds	<u><u>4,222,156</u></u>	<u><u>4,823,689</u></u>
Total gross sales proceeds (inclusive of value-added tax)	<u><u>4,692,789</u></u>	<u><u>5,365,540</u></u>

### 4. REVENUES, OTHER OPERATING REVENUES AND SEGMENT INFORMATION

#### Revenues

	For the six months ended 30 June	
	2024 <i>RMB'000</i> Unaudited	2023 <i>RMB'000</i> Unaudited
<i>Revenue from contracts with customers</i>		
Sale of goods from direct sales	995,320	1,164,266
Commissions from concessionaire sales	347,495	398,340
Consultancy and management service fees	<u>5,603</u>	<u>10,275</u>
	<u>1,348,418</u>	<u>1,572,881</u>
<i>Revenue from other sources</i>		
Gross rental income	304,601	341,058
Credit services	<u>66,765</u>	<u>47,282</u>
	<u>371,366</u>	<u>388,340</u>
	<u><u>1,719,784</u></u>	<u><u>1,961,221</u></u>

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	
	2024 <i>RMB'000</i> Unaudited	2023 <i>RMB'000</i> Unaudited
Credit card handling fees	12,173	13,689
Promotion income	24,927	22,805
Electricity and water fees	63,681	58,045
Administration fees	77,891	71,402
Display space and equipment leasing income	29,346	30,148
Service fees	10,707	13,089
Government grants ( <i>Note</i> )	1,555	13,623
Other income	4,662	34,199
	<b>224,942</b>	257,000

#### *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. (LOSS)/PROFIT BEFORE TAX

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

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
	<b>Unaudited</b>	Unaudited
Staff costs excluding directors' and chief executive's remuneration:		
– Wages, salaries and bonuses	<b>179,501</b>	189,118
– Pension scheme contributions*	<b>21,717</b>	22,458
– Social welfare and other costs	<b>33,135</b>	34,158
	<b>234,353</b>	245,734
Directors' and chief executive's remuneration	<b>5,310</b>	5,068
Total staff costs	<b>239,663</b>	250,802
Rental expenses in respect of leased properties:		
– Lease payments not included in the measurement of lease liabilities	<b>44,105</b>	43,203
Gross rental income in respect of investment properties	<b>(98,907)</b>	(146,403)
Lease income in respect of sublease of properties under operating leases:		
– Minimum lease payments **	<b>(146,566)</b>	(136,308)
– Contingent lease payments ***	<b>(59,128)</b>	(58,347)
Total gross rental income	<b>(304,601)</b>	(341,058)
Cost of inventories recognised as expenses	<b>864,486</b>	999,261
Depreciation and amortisation	<b>255,900</b>	302,103
Impairment of trade receivables	<b>12,198</b>	8,232
Impairment of prepayments and other receivables and other assets	<b>21,029</b>	1,419
Impairment of property, plant and equipment	<b>81</b>	4,252
Impairment of right-of-use assets	<b>–</b>	23,957
Impairment of goodwill	<b>8,258</b>	–
Loss on disposal of property, plant and equipment, net	<b>492</b>	983
Foreign exchange differences, net	<b>52,635</b>	(4,109)
Auditor's remuneration	<b>600</b>	600
Direct operating expenses arising from rental-earning investment properties	<b>10,588</b>	23,625

\* As at 30 June 2024 and 2023, 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 relevant rental agreements.

## 6. FINANCE INCOME/(COSTS)

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>Unaudited</b>	<b>Unaudited</b>
Finance income:		
Bank interest income	<b>12,821</b>	14,738
Gain on redemption of financial assets at fair value through profit or loss	–	171
Change of fair value of financial assets at fair value through profit or loss	<b>704</b>	848
Finance income on the net investments in the subleases	<b>9,291</b>	11,687
	<u><b>22,816</b></u>	<u>27,444</u>
Finance costs:		
Interest on lease liabilities	<b>(133,229)</b>	(154,832)
Interest on interest-bearing bank loans and other borrowings	<b>(109,991)</b>	(94,472)
	<u><b>(243,220)</b></u>	<u>(249,304)</u>
Finance costs, net	<u><b>(220,404)</b></u>	<u>(221,860)</u>

## 7. INCOME TAX 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 credit is as follows:

	<b>For the six months ended 30 June</b>	
	<b>2024</b>	<b>2023</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>Unaudited</b>	<b>Unaudited</b>
Current income tax	<b>40,036</b>	79,058
Deferred tax	<b>(40,570)</b>	(85,198)
	<u><b>(534)</b></u>	<u>(6,140)</u>



## 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, RMB735,179,000 (31 December 2023: RMB590,357,000) are with an interest rate range from 7.6% to 16.0% (31 December 2023: 7.6% to 16.0%) depending on the payment term of loan receivables, while others are interest-free.

An ageing analysis of the trade receivables as at 30 June 2024 and 31 December 2023 based on the invoice date and net of loss allowance, is as follows:

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> <b>Unaudited</b>	As at 31 December 2023 <i>RMB'000</i> Audited
Within 1 year	<b>314,821</b>	289,215
1 to 2 years	<b>208,071</b>	172,761
Over 2 years	<b>293,659</b>	219,156
	<b>816,551</b>	681,132

## 11. TRADE PAYABLES

An ageing analysis of the trade payables is as follows:

	As at <b>30 June</b> <b>2024</b> <i>RMB'000</i> <b>Unaudited</b>	As at 31 December 2023 <i>RMB'000</i> Audited
Within 3 months	<b>479,747</b>	666,107
4 to 12 months	<b>14,263</b>	14,568
Over 1 year	<b>20,492</b>	21,888
	<b>514,502</b>	702,563

## **12. CLOSURE OF REGISTER OF MEMBERS**

The Company's Register of Members will be closed from 10 September 2024 to 11 September 2024 (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 Monday, 9 September 2024.

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Board would like to present the interim results of the Group for the six months ended 30 June 2024 (the “Review Period”).

During the Review Period, the economy in the People’s Republic of China (“PRC”) has gradually stabilized, and daily life has returned to normal. However, the PRC retail market has faced an unprecedented evolution, in the process of experiencing one of its most challenging periods over the past few years. These challenges include consumption segmentation, consumer stratification, changes in consumption pattern and industry competition after the pandemic.

Nevertheless, the PRC economy is still growing and has vast market growth potential. The consumer market in PRC is huge with uneven regional development. With the Group’s extensive business experience and management talents, the Group is determined to overcome the challenges and adapt to the changing development needs of the industry.

### **2024 HALF YEAR FINANCIAL RESULTS**

During the Review Period, the Group recorded gross sales proceeds of RMB4,692.8 million (including value-added tax), representing a decrease of 12.5% compared to the same period last year. This decrease was mainly due to slower-than-expected economic recovery that led to a consumption downgrade, making consumers more cautious in their spending. SSS decreased by 13.3% during the Review Period. The operating profit of the Group during the Review Period was RMB193.8 million as compared with the same period last year of RMB264.8 million, representing a decrease of RMB71.0 million.

As of 30 June 2024, the Group and its associates operated and managed 43 Parkson stores, including department stores, shopping malls, city outlets, the “Parkson Beauty” concept store and supermarkets, as well as 2 Parkson Newcore City Malls, across 28 cities in PRC and Laos.

## **FOCUSING ON CORE BUSINESS AND STRATEGIC BUSINESS EXPANSION**

The Group continues to focus on improvement in our core businesses operations and to strengthen the expansion of new businesses by integrating new industry needs and continuing to innovate. The Group believes that its strategies of “Multiple Stores in a City” and “Model Innovation” will attract customers with different consumption levels and habits, ultimately allowing the Group to gain greater market share in the long run.

In the first half of 2024, the Group had opened a supermarket in Mianyang Science and Technology City New Area, namely Mianyang Guanhua Supermarket. This store is the fourth store in Mianyang City, Sichuan Province. Mianyang Guanhua Supermarket is an independent community supermarket with a complementary business format. It functions as an experiential supermarket, meeting the wellness and sophisticated needs of the residents in the vicinity.

The Group is also actively looking for opportunities to expand its portfolio further. In order to further expand our network, the Group plans to open three new stores during the second half of 2024 to year 2026 in Kunming City, Datong City and Mianyang City respectively. The business format for these new stores includes supermarket, outlets and shopping mall. It aligns with the Group’s differentiated positioning strategy of “Multiple Stores in a City”, which aims to cater to a broader range of customers with diverse spending needs and habits.

Meanwhile, the Group had renewed the tenancy agreement for Guiyang store, Shenyang store and Harbin store during the first half of 2024. The Group has been operating and managing these department stores for more than 20 years, where the Group has gained a good reputation and market recognition, and has established a solid foundation for its business. The Group plans to revamp and remodel these stores as part of its continuous efforts to enhance store image and to keep up with the ever changing market trends. The Group wishes to better serve our customers by providing a comfortable shopping environment and with high quality products.

## **OUTLOOK AND FUTURE PLANS**

Looking ahead, with three new stores in the pipeline, the Group is well-positioned to capture growth opportunities in markets that we are very familiar with. As an excellent commercial space operator, our mission is to provide our customers with an exceptional shopping and lifestyle experience. These new stores will enable us to offer our customers an even wider range of high-quality products and services.

We believe that with the Group's business strategies and extensive experience in the retail market over the past three decades, we can achieve stable and sustainable performance despite the challenging environment, and create long-term value for our shareholders. We are confident that this vast experiences will contribute significantly to our long-term sustainable growth and profitability.

## **FINANCIAL REVIEW**

### **GSP and total operating revenues**

The Group recorded total GSP (inclusive of value-added tax) of RMB4,692.8 million or RMB4,222.2 million (net of value-added tax) in 1H2024, representing a decrease of 12.5% as compared to the same period of last year. The decrease in GSP was a result of slower-than-expected economic recovery that led to a consumption downgrade, making consumers more cautious in their spending. SSS decreased by 13.3% in 1H2024 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				Year-on-year change (%)
	2024		2023		
	<i>RMB'000</i>	<i>% of total</i>	<i>RMB'000</i>	<i>% of total</i>	
Concessionaire sales	<b>2,624,925</b>	<b>72.5%</b>	3,003,808	72.1%	(12.6%)
Direct sales	<b>995,320</b>	<b>27.5%</b>	1,164,266	27.9%	(14.5%)
	<b><u>3,620,245</u></b>	<b><u>100.0%</u></b>	<b><u>4,168,074</u></b>	<b><u>100.0%</u></b>	(13.1%)

Concessionaire sales which constituted 72.5% of the Group's total merchandise sales in 1H2024, decreased by 12.6% as compared to the same period of last year; while direct sales decreased by 14.5% as compared to the same period of last year. The Group's sales in 1H2024 decreased across both concessionaire sales and direct sales as compared to 1H2023 as a result of slower-than-expected economic recovery that led to a consumption downgrade, making consumers more cautious in their spending.

### ***Merchandise gross margin***

The Group's merchandise gross margin, a combination of concessionaire commission rate and the direct sales margin, decreased from 13.5% in 1H2023 to 13.2% in 1H2024.

### ***Total operating revenues***

Total operating revenues of the Group decreased by 12.3% to RMB1,944.7 million in 1H2024 as compared to RMB2,218.2 million in 1H2023. The decrease in total operating revenues was mainly due to the decrease in sale of goods from direct sales and commissions from concessionaire sales.

The revenue from contracts with customers which constituted 69.3% of our total operating revenues in 1H2024, decreased by RMB224.5 million or 14.3% 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 RMB134.8 million or 13.5% from RMB999.3 million in 1H2023 to RMB864.5 million in 1H2024. 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 decreased by RMB11.1 million or 4.4% from RMB250.8 million in 1H2023 to RMB239.7 million in 1H2024. The decrease was mainly due to cost controlling during 1H2024. On a same store basis, staff costs decreased by 4.7% in 1H2024.

Staff costs as a percentage of GSP increased from 5.2% in 1H2023 to 5.7% in 1H2024.

### ***Depreciation and amortisation***

Depreciation and amortisation decreased by 15.3% from RMB302.1 million in 1H2023 to RMB255.9 million in 1H2024. The decrease was primarily due to decrease in depreciation for the right-of-use assets of the properties as a result of changed in rental and payment terms for certain stores. In 1H2024, depreciation expenses on right-of-use assets of RMB155.4 million was recognised as compared to RMB183.2 million in 1H2023. On a same store basis, depreciation and amortisation decreased by 11.6% in 1H2024.

Depreciation and amortisation as a percentage of GSP decreased from 6.3% in 1H2023 to 6.1% in 1H2024.

### ***Rental expenses***

Rental expenses increased by RMB0.9 million or 2.1% from RMB43.2 million in 1H2023 to RMB44.1 million in 1H2024. On a same store basis, rental expenses decreased by 2.1% in 1H2024.

Rental expenses as a percentage of GSP increased from 0.9% in 1H2023 to 1.0% in 1H2024.

### ***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, decreased by 3.1% from RMB358.0 million in 1H2023 to RMB346.8 million in 1H2024. The decrease in other operating expenses mainly due to closure of underperforming business. On a same store basis, other operating expense increased by 2.2% in 1H2024.

Other operating expenses as a percentage of GSP increased from 7.4% in 1H2023 to 8.2% in 1H2024.

### **Profit from operations**

The Group generated a profit from operations of RMB193.8 million in 1H2024, a decrease of RMB71.0 million as compared to RMB264.8 million recorded in 1H2023.

Profit from operations as a percentage of GSP decreased from 5.5% in 1H2023 to 4.6% in 1H2024.

### **Finance income/(costs)**

The Group incurred net finance costs of RMB220.4 million in 1H2024 which represented a decrease of RMB1.5 million or 0.7% compared to RMB221.9 million 1H2023. The decrease in finance cost mainly resulted from the decrease in interest expense on the lease liabilities.

For interest expense on the lease liabilities, RMB133.2 million was recognised in finance cost in 1H2024 as compared to RMB154.8 million in 1H2023. For interest income on the net investments in sublease, RMB9.3 million was recognised in finance income in 1H2024 as compared to RMB11.7 million in 1H2023 under IFRS 16.

### **Share of profit of a joint venture**

This is the share of profit from Xinjiang Youhao Parkson Development Co., Ltd., a joint venture of the Group. The Group share of profit of RMB10.0 million in 1H2023 and none for 1H2024. The joint venture was deregistered in August 2023.

### **Share of profit from associates**

This is the share of results from the Group's associates. The Group share of profit from associates of RMB7.6 million and RMB8.9 million respectively in 1H2023 and 1H2024.

### **(Loss)/Profit before tax**

Loss before tax is RMB17.8 million in 1H2024, compared to profit before tax of RMB60.6 million in 1H2023.

Loss before tax as a percentage of GSP was (0.4%) in 1H2024, as compared to profit before tax as a percentage of GSP was 1.3% in 1H2023.

### **Income tax credit**

Income tax credit of RMB0.5 million in 1H2024 as compared to RMB6.1 million in 1H2023.

### **(Loss)/Profit for the period**

As a result of the foregoing, the Group recorded a loss for the period of RMB17.2 million in 1H2024 as compared to a profit of RMB66.7 million for the corresponding period of last year.

### **(Loss)/Profit attributable to owners of the Company**

The Group recorded loss attributable to owners of the Company amounted to RMB18.6 million in 1H2024 as compared to profit attributable to owners of the Company of RMB63.1 million recorded for the corresponding period of last year.

### **Liquidity and financial resources**

As at 30 June 2024, the Group had cash and bank balances of RMB1,443.8 million (31 December 2023: RMB1,583.4 million), time deposits of RMB30.6 million (31 December 2023: RMB43.8 million), financial assets at fair value through profit or loss of RMB68.2 million (31 December 2023: RMB57.5 million) and restricted cash of RMB132.6 million (31 December 2023: RMB100.2 million).

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

Total debt to total assets ratio of the Group was 24.8% as at 30 June 2024 (31 December 2023: 22.5%).

### **Current assets and net assets**

The Group's current assets as at 30 June 2024 was RMB2,780.5 million. Net assets of the Group as at 30 June 2024 was RMB3,268.8 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 PRC. As at 30 June 2024, the fair value of these products was RMB68.2 million, accounting for approximately 0.6% of the total assets of the Group.

### **Pledge of assets**

As at 30 June 2024, the Group has pledged trade receivables of RMB211.5 million, pledged buildings, investment properties and leasehold land with a net carrying amount of approximately RMB1,348.4 million, RMB534.2 million and RMB312.1 million, respectively, to secure the general bank loans. The Group has pledged unrealised receivables of RMB95.9 million which will be due within 48 months to secure the general interest-bearing bank loans. In addition, the Group has pledged deposits of RMB28.0 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 2024, 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 2024, the Company has fully complied with the Corporate Governance Code (“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 2024.

## **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 2024, 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 who 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 2024 containing all the information required by Appendix D2 to the Listing Rules will be dispatched 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*

26 August 2024

*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.*