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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)**

**UNAUDITED THIRD QUARTERLY RESULTS ANNOUNCEMENT  
FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2020**

The board of directors (the “Board”) of Parkson Retail Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company, its subsidiaries, a joint venture and associated companies (hereinafter collectively referred to as the “Group”) for the quarter ended 30 September 2020.

The unaudited quarterly results of the Group are released in conjunction with the announcement of the quarterly results of Parkson Holdings Berhad, the holding company of the Company in Malaysia pursuant to the Bursa Malaysia Main Board Listing Requirements. This announcement is made pursuant to paragraph 13.09 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

**HIGHLIGHTS**

Total operating revenues for the Third Quarter (“3Q2020”) and the First Nine Months of The Year (“9M2020”) are RMB1,157.9 million and RMB3,121.7 million respectively, representing a decrease of 2.8% and 17.4% respectively as compared to the corresponding period in 2019.

Same store sales (“SSS”) decreased by 5.8% in 3Q2020 and by 23.8% in 9M2020.

Profit from operations for 3Q2020 was RMB118.3 million. Profit from operations for 9M2020 decreased by 52.9% to RMB215.5 million as compared to the same period last year.

Loss attributable to owners of the parent in 9M2020 was RMB204.8 million increased by RMB176.4 million as compared to the same period last year of RMB28.4 million.

The Group’s 9M2020 performance indicators compared to corresponding period last year were still impacted by the outbreak of the Coronavirus Disease (“COVID-19”) in the first half of 2020. However, improvement in sales was seen in 3Q2020 as compared to preceding quarters.

# **UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR**

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2020	2019	2020	2019
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Gross Sales Proceeds (inclusive of value-added tax)</b>	<b>2,884,524</b>	3,125,270	<b>7,780,833</b>	10,620,189
Revenues	<b>1,056,729</b>	1,079,349	<b>2,844,816</b>	3,417,934
Other operating revenues	<b>101,166</b>	112,243	<b>276,932</b>	361,477
<b>Total operating revenues</b>	<b>1,157,895</b>	1,191,592	<b>3,121,748</b>	3,779,411
<b>Operating expenses</b>				
Purchases of goods and changes in inventories	<b>(579,710)</b>	(542,688)	<b>(1,586,029)</b>	(1,680,510)
Staff costs	<b>(127,283)</b>	(157,155)	<b>(389,014)</b>	(498,204)
Depreciation and amortisation	<b>(172,916)</b>	(173,826)	<b>(516,874)</b>	(520,024)
Rental (expenses)/credit	<b>(3,850)</b>	(34,351)	<b>16,140</b>	(81,242)
Other operating expenses	<b>(155,880)</b>	(182,631)	<b>(430,498)</b>	(541,390)
<b>Total operating expenses</b>	<b>(1,039,639)</b>	(1,090,651)	<b>(2,906,275)</b>	(3,321,370)
<b>Profit from operations</b>	<b>118,256</b>	100,941	<b>215,473</b>	458,041
Finance income	<b>20,885</b>	34,373	<b>76,848</b>	109,110
Finance costs	<b>(133,443)</b>	(160,399)	<b>(433,982)</b>	(490,552)
Share of profits/(losses) of:				
A joint venture	<b>(2,308)</b>	2,559	<b>165</b>	9,993
Associates	<b>1,952</b>	1,298	<b>196</b>	4,405
<b>Profit/(Loss) before income tax</b>	<b>5,342</b>	(21,228)	<b>(141,300)</b>	90,997
Income tax expense	<b>(17,742)</b>	(27,180)	<b>(54,762)</b>	(103,322)
<b>(Loss)/profit for the period</b>	<b>(12,400)</b>	(48,408)	<b>(196,062)</b>	(12,325)
<b>Attributable to:</b>				
Owners of the parent	<b>(15,375)</b>	(52,313)	<b>(204,824)</b>	(28,427)
Non-controlling interests	<b>2,975</b>	3,905	<b>8,762</b>	16,102

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2020 Unaudited RMB'000	As at 31 December 2019 Audited RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,322,998	3,449,090
Investment properties	361,288	303,292
Right-of-use assets	3,408,159	3,248,189
Prepaid land lease payment	371,203	381,185
Intangible assets	1,787,982	1,792,053
Investment in a joint venture	27,099	26,934
Investment in associates	41,835	41,769
Trade receivables	67,891	78,482
Time deposits	623,600	787,899
Other assets	371,796	433,331
Deferred tax assets	268,648	227,586
<b>Total non-current assets</b>	<b>10,652,499</b>	<b>10,769,810</b>
<b>CURRENT ASSETS</b>		
Inventories	420,109	384,041
Trade receivables	269,072	265,536
Prepayment and other receivables	436,594	420,812
Financial assets at fair value through profit or loss	285,519	250,761
Investment in principal guaranteed deposits	45,950	250,050
Time deposits	302,364	939,482
Cash and cash equivalents	1,900,430	2,265,508
<b>Total current assets</b>	<b>3,660,038</b>	<b>4,776,190</b>
<b>CURRENT LIABILITIES</b>		
Trade payables	(943,624)	(1,136,563)
Contract liabilities	(678,672)	(685,792)
Other payables and accruals	(529,692)	(637,769)
Interest-bearing bank loans	(660,692)	(1,011,588)
Lease liabilities	(531,181)	(474,677)
Tax payable	(46,356)	(60,654)
<b>Total current liabilities</b>	<b>(3,390,217)</b>	<b>(4,007,043)</b>
<b>NET CURRENT ASSETS</b>	<b>269,821</b>	<b>769,147</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>10,922,320</b>	<b>11,538,957</b>

# **UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	As at <b>30 September 2020</b> <b>Unaudited</b> <i><b>RMB'000</b></i>	As at 31 December 2019 Audited <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank loans	(2,400,792)	(3,013,883)
Lease liabilities	(4,095,199)	(3,865,554)
Deferred tax liabilities	(285,332)	(313,187)
<b>Total non-current liabilities</b>	<b>(6,781,323)</b>	<b>(7,192,624)</b>
<b>NET ASSETS</b>	<b>4,140,997</b>	<b>4,346,333</b>
<b>EQUITY</b>		
<b>Equity attributable to owners of the parent</b>		
Issued capital	55,477	55,477
Reserves	3,997,353	4,175,184
	<b>4,052,830</b>	<b>4,230,661</b>
<b>Non-controlling interests</b>	<b>88,167</b>	<b>115,672</b>
<b>TOTAL EQUITY</b>	<b>4,140,997</b>	<b>4,346,333</b>

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	For the nine-months period ended 30 September 2020 Unaudited RMB '000
Net cash flows from operating activities	292,920
Net cash flows from investing activities	931,397
Net cash flows used in financing activities	<u>(1,589,395)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(365,078)</b>
Cash and cash equivalents at beginning of the period	<u>2,265,508</u>
<b>Cash and cash equivalents at end of the period</b>	<b><u><u>1,900,430</u></u></b>
<b>Analysis of balances of cash and cash equivalents</b>	
Cash and bank balances	1,399,430
Non-pledged time deposits with original maturity of less than three months when acquired	<u>501,000</u>
<b>Cash and cash equivalents</b>	<b><u><u>1,900,430</u></u></b>
Time deposits	925,964
Investment in principal guaranteed deposits	45,950
Financial assets at fair value through profit or loss	<u>285,519</u>
<b>Cash and cash equivalents, deposits and financial assets at fair value through profit or loss at end of the period</b>	<b><u><u>3,157,863</u></u></b>

## Operation and Financial Review

### *GSP and total operating revenues*

The Group recorded unaudited gross sales proceeds (“GSP”) inclusive of value-added tax of RMB2,884.5 million in 3Q2020 and RMB7,780.8 million in 9M2020, representing a decline of 7.7% and 26.7% in 3Q2020 and 9M2020 respectively as compared to the same period of last year. The decreased in GSP was mainly due to the decrease in SSS. SSS decreased by 23.8% during the nine months ended 30 September 2020.

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

	For the nine-month period ended 30 September				
	2020		2019		Year-on-year
	RMB'000	% of total	RMB'000	% of total	change (%)
Concessionaire sales	4,528,785	70.8%	6,682,437	76.8%	(32.2%)
Direct sales	1,870,831	29.2%	2,019,364	23.2%	(7.4%)
	6,399,616	100.0%	8,701,801	100.0%	(26.5%)

The following table sets out a breakdown of merchandise sales mix for the periods indicated:

	For the nine-month period ended 30 September	
	2020	2019
	% of total merchandise sales	% of total merchandise sales
Cosmetics & Accessories	55.5%	52.2%
Fashion & Apparel	35.5%	39.9%
Groceries & Perishables	6.7%	5.3%
Household & Electrical	2.3%	2.6%
	<u>100.0%</u>	<u>100.0%</u>

Majority of our merchandise sales was derived from Cosmetics & Accessories and Fashion & Apparel categories. Sales from Cosmetics & Accessories category increased from 52.2% for the 9M2019 to 55.5% in 9M2020 mainly due to the promotion of the products using online platforms and social media channel.

Total operating revenues decreased by 2.8% to RMB1,157.9 million in 3Q2020 and decreased by 17.4% to RMB3,121.7 million for 9M2020. This was mainly due to the decreased revenue from contract with customers, which constituted 82.7% of total operating revenue. The revenue from contract with customers consists of sale of goods from direct sales, commissions from concessionaire sales and consultancy and management service fees.

### *Operating expenses*

Total operating expenses excluding purchases of goods and changes in inventories decreased by 19.5% to RMB1,320.2 million in 9M2020 as compared to RMB1,640.9 million in 9M2019. The decrease was mainly due to (i) decrease in variable rental expenses which was based on the turnover generated from the retail store resulting from the decline in sales. On top of it, the Group had proactively negotiated with landlords for rental reduction since the outbreak of COVID-19. In 9M2020, a total of RMB66.5 million was deducted in rental expenses to reflect changes in lease payments in accordance with *Amendment to IFRS 16-Covid19-Related Rent Concessions* issued by the IASB on 28 May 2020 to account for a forgiveness or waiver of lease payments; and (ii) continuing cost control measures implemented by the Group.

### *Profit from operations*

Profit from operations for 3Q2020 was RMB118.3 million. Profit from operations decreased by 52.9% to RMB215.5 million in 9M2020 as compared to the same period last year mainly due to decrease in revenue.

### *Loss attributable to owners of the parent*

The Group recorded a loss attributable to owners of the parent of RMB15.4 million in 3Q2020 and RMB204.8 million in 9M2020.

Third quarter operations of the stores improved compared to preceding quarters this year. The Group continues to adopt an active and cautious strategy to expand and diversify the retail portfolio by exploring various operation models to broaden its income sources and to strengthen its position as the leading retailer in China.

During the period under review, the Group launched a new Parkson store in Gui Zhou Tongren. As of 30 September 2020, the Group operates and manages 40 department stores (including concept stores “Parkson Beauty”), 1 Lion Mall, 2 Parkson Newcore Citymalls, supermarkets, fashion and food & beverage outlets in 28 major cities across China.

## **Acknowledgement**

I would like to take this opportunity to thank the Board, management and all our staff for their hard work and dedication. I would also like to thank the shareholders and our loyal customers for their continued support to the Group.

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

19 November 2020

*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. Ko Desmond and Mr. Yau Ming Kim, Robert.*