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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 2021**

The board of directors (the “Board”) of Parkson Retail Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “Group”) for the quarter ended 30 September 2021.

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 (“3Q2021”) decreased by 10.0% to RMB1,041.7 million and increased by 13.0% to RMB3,527.7 million for the First Nine Months of The Year (“9M2021”) as compared to the same period last year.

Same store sales (“SSS”) decreased by 11.3% in 3Q2021 and increased by 12.3% in 9M2021.

Profit from operations for 3Q2021 was RMB62.0 million. Profit from operations for 9M2021 increased by 43.6% to RMB309.4 million as compared to the same period last year.

Loss attributable to owners of the parent in 9M2021 was RMB42.9 million as compared to the same period last year of RMB204.8 million.

The Group’s 9M2021 performance indicators compared to the same period last year has shown an improvement due to reduce impact from COVID-19. However, the business environment remains unstable which resulted in lower sales in 3Q2021 as compared to preceding quarters.

## UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Quarter Ended		Year to Date	
	30 September	30 September	Ended 30 September	Ended 30 September
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Gross Sales Proceeds</b> <b>(inclusive of value-added tax)</b>	<b>2,570,870</b>	2,884,524	<b>8,824,536</b>	7,780,833
Revenues	<b>925,323</b>	1,056,729	<b>3,181,480</b>	2,844,816
Other operating revenues	<b>116,352</b>	101,166	<b>346,200</b>	276,932
<b>Total operating revenues</b>	<b>1,041,675</b>	1,157,895	<b>3,527,680</b>	3,121,748
<b>Operating expenses</b>				
Purchases of goods and changes in inventories	<b>(510,298)</b>	(579,710)	<b>(1,773,910)</b>	(1,586,029)
Staff costs	<b>(138,387)</b>	(127,283)	<b>(426,396)</b>	(389,014)
Depreciation and amortisation	<b>(158,522)</b>	(172,916)	<b>(497,435)</b>	(516,874)
Rental expenses	<b>(12,089)</b>	(3,850)	<b>(58,394)</b>	16,140
Other operating expenses	<b>(160,366)</b>	(155,880)	<b>(462,107)</b>	(430,498)
<b>Total operating expenses</b>	<b>(979,662)</b>	(1,039,639)	<b>(3,218,242)</b>	(2,906,275)
<b>Profit from operations</b>	<b>62,013</b>	118,256	<b>309,438</b>	215,473
Finance income	<b>17,857</b>	20,885	<b>58,400</b>	76,848
Finance costs	<b>(120,413)</b>	(133,443)	<b>(379,873)</b>	(433,982)
Share of profits/(losses) of:				
- Joint venture	<b>1,137</b>	(2,308)	<b>5,323</b>	165
- Associates	<b>1,791</b>	1,952	<b>6,866</b>	196
<b>Profit/(Loss) before income tax</b>	<b>(37,615)</b>	5,342	<b>154</b>	(141,300)
Income tax expense	<b>(12,186)</b>	(17,742)	<b>(39,129)</b>	(54,762)
<b>Loss for the period</b>	<b>(49,801)</b>	(12,400)	<b>(38,975)</b>	(196,062)
<b>Attributable to:</b>				
<b>Owners of the parent</b>	<b>(49,876)</b>	(15,375)	<b>(42,889)</b>	(204,824)
<b>Non-controlling interests</b>	<b>75</b>	2,975	<b>3,914</b>	8,762

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2021 Unaudited RMB'000	As at 31 December 2020 Audited RMB'000
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	3,232,535	3,287,490
Investment properties	484,845	420,428
Right-of-use assets	3,200,276	3,815,672
Goodwill	1,770,538	1,770,538
Other intangible assets	10,659	14,450
Investments in joint venture	22,983	19,748
Investments in associates	49,600	42,938
Trade receivables	162,408	97,184
Time deposits	731,480	729,880
Other assets	432,700	648,027
Deferred tax assets	299,687	265,764
<b>Total non-current assets</b>	<b>10,397,711</b>	11,112,119
<b>CURRENT ASSETS</b>		
Inventories	475,046	425,055
Trade receivables	211,314	263,475
Prepayment and other receivables	778,717	766,340
Financial assets at fair value through profit or loss	174,402	242,472
Investment in principal guaranteed deposits	1,700	15,600
Time deposits	2,609	104,846
Cash and cash equivalents	990,409	1,499,324
<b>Total current assets</b>	<b>2,634,197</b>	3,317,112
<b>CURRENT LIABILITIES</b>		
Trade payables	735,867	979,721
Other payables and accruals	600,355	598,919
Contract liabilities	630,347	629,237
Interest-bearing bank loans	652,931	1,134,253
Lease liabilities	570,824	556,092
Tax payable	39,127	58,940
<b>Total current liabilities</b>	<b>3,229,451</b>	3,957,162
<b>NET CURRENT LIABILITIES</b>	<b>(595,254)</b>	(640,050)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>9,802,457</b>	10,472,069

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at <b>30 September</b> <b>2021</b> <b>Unaudited</b> <i>RMB'000</i>	As at 31 December 2020 Audited <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank loans	1,790,354	1,816,306
Lease liabilities	3,578,340	4,151,702
Deferred tax liabilities	264,208	303,051
<b>Total non-current liabilities</b>	<b>5,632,902</b>	<b>6,271,059</b>
<b>NET ASSETS</b>	<b>4,169,555</b>	<b>4,201,010</b>
<b>EQUITY</b>		
Issued capital	55,477	55,477
Reserves	4,036,180	4,067,223
	<b>4,091,657</b>	<b>4,122,700</b>
<b>Non-controlling interests</b>	<b>77,898</b>	<b>78,310</b>
<b>TOTAL EQUITY</b>	<b>4,169,555</b>	<b>4,201,010</b>

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	For the nine months ended 30 September 2021 Unaudited RMB'000
Net cash flows from operating activities	467,072
Net cash flows from investing activities	176,963
Net cash flows used in financing activities	(1,152,950)
<b>Net decrease in cash and cash equivalents</b>	<b>(508,915)</b>
Cash and cash equivalents at beginning of the period	1,499,324
<b>Cash and cash equivalents at end of the period</b>	<b>990,409</b>
<b>Analysis of balances of cash and cash equivalents</b>	
Cash and bank balances	824,538
Non-pledged time deposits of less than three months	165,871
<b>Cash and cash equivalents</b>	<b>990,409</b>
Time deposits	734,089
Investment in principal guaranteed deposits	1,700
Financial assets at fair value through profit or loss	174,402
<b>Cash and cash equivalents, deposits and financial assets at fair value through profit or loss at end of the period</b>	<b>1,900,600</b>

## Operation and Financial Review

### *GSP and total operating revenues*

The Group recorded unaudited gross sales proceeds (“GSP”) inclusive of value-added tax of RMB2,570.9 million in 3Q2021 and RMB8,824.5 million in 9M2021, representing a decrease of 10.9% and an increase of 13.4% in 3Q2021 and 9M2021 respectively as compared to the same period last year. The fluctuation in GSP was mainly due to the fluctuation in SSS. SSS decreased by 11.3% in 3Q2021 and increased by 12.3% in 9M2021.

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

	For the nine months ended 30 September				Year-on-year change (%)
	2021		2020		
	RMB'000	% of total	RMB'000	% of total	
Concessionaire sales	5,101,176	71.2%	4,528,785	70.8%	12.6%
Direct sales	2,068,371	28.8%	1,870,831	29.2%	10.6%
	<u>7,169,547</u>	<u>100.0%</u>	<u>6,399,616</u>	<u>100.0%</u>	12.0%

Total operating revenues decreased by 10.0% to RMB1,041.7 million in 3Q2021 and increased by 13.0% to RMB3,527.7 million for 9M2021 as compared to the same period last year. The fluctuation was mainly due to the fluctuation in the revenue from contract with customers, which constituted 80.6% 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 increased by 9.4% to RMB1,444.3 million in 9M2021 as compared to RMB1,320.2 million in 9M2020. The increase was mainly due to: (i) increase in variable rental expenses which was based on the turnover generated from the retail stores resulting from the increase in sales; and (ii) increase in staff costs as no exemption was given by the government on the pension scheme contributions, unemployment insurance and work-related injury insurance during the period under review as compared to the same period last year.

### *Profit from operations*

Profit from operations for 3Q2021 was RMB62.0 million. Profit from operations increased by 43.6% to RMB309.4 million in 9M2021 as compared to the same period last year mainly due to increase in revenue.

*Loss attributable to owners of the parent*

The Group recorded a loss attributable to owners of the parent of RMB49.9 million in 3Q2021 and RMB42.9 million in 9M2021. The business environment remains unstable due to COVID-19 which resulted in lower sales in 3Q2021 as compared to preceding quarters.

During the period under review, the Group launched new Parkson stores in Datong City, Shanxi Province and Wuzhou, Guangxi Zhuang Autonomous Region. As of 30 September 2021, the Group operates and manages 42 department stores (including concept stores “Parkson Beauty”), 1 Lion Mall, 2 Parkson Newcore City Malls, supermarkets, fashion and food & beverage outlets in 29 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*

18 November 2021

*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 Mr. Koong Lin Loong.*