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)

VOLUNTARY ANNOUNCEMENT
ENTERING INTO OF LEASE TERMINATION AGREEMENT

This announcement is made voluntarily by Parkson Retail Group Limited (the "**Company**", together with its subsidiaries, the "**Group**") to inform the shareholders and potential investors of the Company of the latest business development of the Group.

Reference is made to the announcements dated 3 April 2019, 6 June 2019 and the circular dated 25 June 2019 of the Company in relation to, among others, the lease of some of the Properties (as defined herein below) located in Beijing, the People's Republic of China (the "**PRC**").

LEASE TERMINATION AGREEMENT

On 7 August 2025, the Tenant (as defined herein below) (an indirect wholly-owned subsidiary of the Company) and the Landlord (as defined herein below) entered into a Lease Termination Agreement (the "**Lease Termination Agreement**") in respect of the Properties to early terminate the remaining lease term of the Properties with effect from 1 January 2026.

Pursuant to the "International Financial Reporting Standard 16 – Leases" ("**IFRS 16**") issued by the International Accounting Standards Board, the entering into of the Lease Termination Agreement as a tenant will require the Group to derecognise the Properties as right-of-use assets for which the amount is approximately RMB127.1 million. Thus, the entering into of the Lease Termination Agreement and the transactions contemplated thereunder will be regarded as a disposal of assets by the Group under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**"). Pursuant to the Lease Termination Agreement, among others, the Tenant shall pay to the Landlord a penalty in the amount of RMB11,701,175.6 before 10 October 2025.

LEASE TERMINATION AGREEMENT

The principal terms of the Lease Termination Agreement are as follows:

Date	:	7 August 2025
Parties	:	Tenant: Parkson Retail Development Co., Ltd.*（百盛商業發展有限公司）(the "**Tenant**"), an indirect wholly-owned subsidiary of the Company Landlord: China National Arts and Crafts Group Company Limited*（中國工藝美術集團有限公司）(the "**Landlord**")
Relevant Premises	:	(1) the total area of 17,240 sq. m. on the 1st, 2nd, 3rd, 4th and 6th floor of the China National Arts and Crafts Museum (the "**Museum**"), and the 1st, 2nd and 3rd floor of Xu Room of the Museum, and warehouses D1-002 and D1-007 in the basement of the Museum*（中國工藝美術館地上一層、二層、三層、四層、六層，及美術館序廳一層、二層、三層，以及地下室D1-002庫房及D1-007庫房總使用面積17,240平方米的房屋）; (2) the area of 2,519.23 sq. m. on the whole of the 7th floor of the Museum*（美術館地上七層整層使用面積2,519.23平方米的房屋）;

(3) the area of 1,550 sq. m. on the 5th floor of the Museum* (美術館地上五層使用面積1,550平方米的房屋);

(4) the area of 1,355 sq. m. on the 1st basement floor of the Museum* (美術館地下一層使用面積1,355平方米的房屋);

(5) the area of 240 sq. m. on the 1st and mezzanine floor of the Xu Room at the east side outside the north gate of the Museum* (美術館北門外東側序廳一層及夾層使用面積240平方米的房屋);

(6) the area of 210 sq. m. under the rain shelter outside the east gate on the 1st floor of the south side of the Museum* (美術館南側一層東門外雨搭下使用面積210平方米的房屋);

(7) the area of 13 sq. m. outside the south gate of Xu Room on the 1st floor of the Museum* (美術館一層序廳南門外使用面積13平方米的房屋);

(8) the area at the south side outside the west gate of the Museum* (美術館西門外南側部分);

(9) the area of 189 sq. m. at the east side inside the south gate of Xu Room on the 1st floor of the Museum* (美術館一層序廳南門內東側使用面積189平方米的房屋);

(10) the area of 326.4 sq. m. at room D1-024 and D1-026 on the 1st basement floor of the Museum* (美術館地下一層D1-024及D1-026房間使用面積326.4平方米的房屋);

(11) the area of 65.28 sq. m. on the 1st basement floor of the Museum* (美術館地下一層使用面積65.28平方米的房屋); and

(12) the parking lot at the plaza at the east side of the north gate of the Museum* (美術館北門東側廣場的停車場)

(together, the "**Properties**").

Termination Date	:	1 January 2026
Penalty	:	The Tenant shall pay to the Landlord a penalty in the amount of RMB11,701,175.6 before 10 October 2025, which was determined through arm's length negotiation between the Parties with reference to and is lower than the outstanding rental under the original terms of lease as of the termination date. If the payment is not made before 10 October 2025, the Tenant shall pay an additional penalty of 0.05% of the total outstanding amount per day until the payment is made.

INFORMATION ON THE PARTIES

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 which scope of business includes retail, whole-sale and import and export.

The Landlord is a company established in the PRC which scope of business includes art work, jewellery, gifts, tourist souvenirs, exhibition and leasing of venues and exhibition tools. To the best knowledge and belief of the directors, and having made all reasonable enquiries, the Landlord and its ultimate owner(s) are third parties independent of, and not connected with the Company and its connected persons (as defined under the Listing Rules).

REASONS AND BENEFITS FOR ENTERING INTO THE LEASE TERMINATION AGREEMENT

The Tenant has been operating retail business at the Properties since 1994 and has been recording continuous losses in the recent years up to the six months ended 30 June 2025. The board of directors (the "**Board**") of the Company is of the opinion that the early termination of the lease agreement of the Properties under the Lease Termination Agreement and ceasing the operations of retail business thereunder will reduce the financial burden of the Company in the long run. Therefore, the Board considers that the terms of the Lease Termination Agreement are fair and reasonable and in the interests of the Company and the shareholders as a whole.

IMPLICATIONS UNDER THE LISTING RULES

As all applicable percentage ratios under Rule 14.07 of the Listing Rules in respect of the transactions contemplated under the Lease Termination Agreement based on the value of the right-of-use assets to be derecognised by the Group pursuant to IFRS 16 and the penalty payable by the Tenant to the Landlord for terminating the lease agreement of the Properties are less than 5%, the entering into of the Lease Termination Agreement does not constitute a notifiable transaction of the Company under the Chapter 14 of the Listing Rules.

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

7 August 2025

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.

* *The English name of the PRC established companies or entities and the location of the Properties are for reference only.*