THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your securities in Paradise Entertainment Limited (the "**Company**"), you should at once hand this circular and the accompanying form of proxy to the purchaser or to the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

PARKSON 百盛

PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司

(a company incorporated in the Cayman Islands with limited liability)
(Stock Code: 3368)

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE RENEWAL OF A TENANCY IN SHANGHAI, THE PRC

Capitalised terms used in this cover page shall have the same meanings as those defined in the section headed "Definitions" of this circular.

A letter from the Board is set out on pages 4 to 18 of this circular.

A notice convening the EGM to be held on Tuesday, 30 June 2026, at 10:00 a.m. by way of electronic means is set out on pages EGM-1 to EGM-2 of this circular. Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong or via the designated URL (https://evoting.vistra.com/) using the username and password provided on the notification letter sent by the Company as soon as possible but in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

15 June 2026

CONTENTS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

"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.
"EGM"	means the extraordinary general meeting of the Company to be held on 30 June 2026, at 10:00 a.m. by way of electronic means, the notice of which is set out on pages EGM-1 to EGM-2 of this circular.
"E-Land Fashion"	means E-Land Fashion Hong Kong Limited (衣念時裝香港有限公司), a company incorporated in Hong Kong.
"Group"	means the Company and its subsidiaries.
"HK$"	means Hong Kong Dollars, the lawful currency of Hong Kong.
"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.
"Latest Practicable Date"	means 8 June 2026, being the latest practicable date for ascertaining certain information for the purpose of inclusion in this circular.
"Listing Rules"	means the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.
"Model Code"	means the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix C3 of the Listing Rules.
"MYR"	means Malaysian Ringgits, the lawful currency of Malaysia.

"Original Tenancy Agreement"	means the tenancy agreement dated 10 November 2010 entered into between Shanghai Changning Real Estate and the Group in respect of the Shanghai Hongqiao Property, as supplemented and amended on 28 September 2011 and 1 September 2015.
"Parkson Newcore"	means Parkson Newcore Retail Shanghai Ltd. *(百盛紐可爾瑞特商貿(上海)有限公司), a company incorporated in the PRC.
"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.
"RMB"	means Renminbi, the lawful currency of the PRC.
"SFO"	means the Securities and Future Ordinance (Chapter 571 of the Laws of Hong Kong).
"Shanghai Changning Real Estate"	means Shanghai Changning Real Estate Management Co., Ltd.*(上海長寧房地產經營有限公司), a company incorporated in the PRC.
"Shanghai Hongqiao Parkson"	means Shanghai Hongqiao Parkson Development Co., Ltd.*(上海虹橋百盛商貿有限公司), a company incorporated in the PRC, and an indirectly wholly-owned subsidiary of the Company.
"Shanghai Hongqiao Property"	means the relevant parts of (i) Level 1 to Level 6 of the building located at No. 789 Tianshan Road(天山路789號) and (ii) Level LG1 to Level 5 of the building located at No. 889 Tianshan Road(天山路889號), both in Changning District, Shanghai, the PRC*(中國上海市長寧區).
"Shanghai Hongqiao Tenancy"	means the tenancy for the Shanghai Hongqiao Property as contemplated under the Shanghai Renewal Agreement.
"Shanghai Renewal Agreement"	means the tenancy agreement in respect of the Shanghai Hongqiao Property entered into between Shanghai Changning Real Estate and Shanghai Hongqiao Parkson on 8 May 2026.
"Shareholders"	means holders of the Shares.

"Shares"	means ordinary shares of nominal value of HK$0.02 each in the capital of the Company.
"sq. m."	means square metre.
"Term"	means the period from 1 July 2026 to 31 December 2036 during which the tenancy of the Shanghai Hongqiao Property is renewed pursuant to the Shanghai Renewal Agreement.
"%"	means per cent.

* *For identification purposes only. For ease of reference, the names of the PRC established companies or entities have generally been included in this circular in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*

PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 3368)

Executive Directors:
Tan Sri Cheng Heng Jem *(Chairman)*
Ms. Juliana Cheng San San

Non-executive Director:
Dato' Sri Dr. Hou Kok Chung

Independent Non-executive Directors:
Dato' Fu Ah Kiow
Mr. Yau Ming Kim, Robert
Datuk Koong Lin Loong

Registered Office:
Vistra (Cayman) Limited
P.O. Box 31119 Grand Pavilion
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KY1-1205
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Head office and principal place of business:
5th Floor, Metro Plaza
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Shanghai 200051
PRC

Principal place of business in Hong Kong:
Room 1010, 10th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

15 June 2026

To the Shareholders

Dear Sir/Madam,

VERY SUBSTANTIAL ACQUISITION IN RELATION TO THE RENEWAL OF A TENANCY IN SHANGHAI, THE PRC

1. INTRODUCTION

Reference is made to the Company's announcement dated 8 May 2026. The purpose of this circular is to provide you with, among other things, (i) further information regarding the Shanghai Renewal Agreement and the Shanghai Hongqiao Tenancy; (ii) the notice of EGM; and (iii) other information as required under the Listing Rules.

2. SHANGHAI RENEWAL AGREEMENT

The Board is pleased to announce that on 8 May 2026, Shanghai Hongqiao Parkson and Shanghai Changning Real Estate had entered into the Shanghai Renewal Agreement, pursuant to which the parties agreed to the terms of the renewed Shanghai Hongqiao Tenancy, including the supplements and amendments to the Original Tenancy Agreement. Prior to entering into the Shanghai Renewal Agreement, Shanghai Hongqiao Parkson has been occupying the Shanghai Hongqiao Property as tenant for its retail business since 2011 (since 2015, indirectly through Parkson Newcore, its joint venture company), with the current tenancy expiring on 30 June 2026.

A summary of the principal terms of the renewed Shanghai Hongqiao Tenancy and other relevant information is as follows:

Date	:	8 May 2026
Parties	:	Tenant: Shanghai Hongqiao Parkson Development Co., Ltd.*（上海虹橋百盛商貿有限公司） Landlord: Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）
Shanghai Hongqiao Property	:	Relevant parts of (i) Level 1 to Level 6 of the building located at No. 789 Tianshan Road*（天山路789號）and (ii) Level LG1 to Level 5 of the building located at No. 889 Tianshan Road*（天山路889號）, both in Changning District, Shanghai, the PRC*（中國上海市長寧區）
Total gross area	:	Approximately 49,480.35 sq. m.
Term	:	1 July 2026 to 31 December 2036 (both days inclusive)
Rent and payment terms	:	The rental during the Term shall be paid on a monthly basis in advance. The fixed rent is calculated based on the agreed rentable area of 49,480.35 sq. m., with the monthly rent (tax inclusive) for each period as follows:

Period	**Monthly fixed rent** *(RMB)*
1 July 2026-30 September 2031	5,192,344.23
1 October 2031-31 December 2036	5,342,846.96

During the Term, if the relevant PRC authorities adjust the applicable tax rate or collection rate, the tax-exclusive rent will remain unchanged and the tax-inclusive rent shall be adjusted accordingly, and the tenant shall pay the tax-inclusive rent based on the adjusted tax rate/collection rate.

Rent-free periods : During the Term, Shanghai Changning Real Estate agrees to grant Shanghai Hongqiao Parkson a total of 10 months of rent-free periods, with the last month of each lease year from 2027 onwards to be designated as a rent-free period, and not more than one month in each lease year. During any rent-free period, Shanghai Hongqiao Parkson shall not be required to pay rent, but shall continue to bear all costs for water, electricity, gas, telecommunications, property management fees and other related expenses.

During the Term, Shanghai Hongqiao Parkson will be entitled to additional rent-free periods of a total of six months, comprising two renovation periods of three months each, namely from 1 July 2027 to 30 September 2027 and from 1 October 2032 to 31 December 2032.

Shanghai Changning Real Estate has agreed that Shanghai Hongqiao Parkson may carry out such renovation works, subject to the renovation plan being filed for record. During each renovation period, Shanghai Hongqiao Parkson will not be required to pay rent, but shall bear all utilities, property management fees and other operating expenses, and shall ensure that the renovation works comply with all applicable laws, regulations and property management requirements. All renovation works shall be carried out at the sole cost and expense of Shanghai Hongqiao Parkson.

As at the Latest Practicable Date, the Company had not resolved to proceed with any specific renovation works and no renovation budget had been confirmed. Following the renewal of the sub-lease between Shanghai Hongqiao Parkson and Parkson Newcore, it is intended that the responsibility for any renovation works (if required) will be carried out by Parkson Newcore, which will undertake such works and bear all related costs and expenses.

During the Term, Shanghai Changning Real Estate has agreed to bear equipment upgrade expenses at the Shanghai Hongqiao Property up to an aggregate cap of RMB16,560,000.00, limited to the upgrade items and budget set out in the Shanghai Renewal Agreement. Shanghai Hongqiao Parkson is required to submit, by the end of July in each year during the Term, an implementation plan for the equipment upgrades for the following calendar year, which will be carried out in the subsequent year, subject to Shanghai Changning Real Estate's approval.

The key upgrade items are expected to include (i) elevator upgrade and replacement, (ii) replacement of core HVAC (Heating, Ventilation and Air Conditioning) components, (iii) upgrading of the power supply system, (iv) replacement of plumbing and drainage facilities, and (v) upgrading of fire protection systems. The allocation of the estimated budget for the Shanghai Hongqiao Property is expected to be approximately RMB7.48 million, RMB5.26 million, RMB3.40 million, RMB0.26 million and RMB0.16 million, respectively.

Deposit : RMB15,577,032.69, equivalent to three times the first monthly rent under the Term. The deposit of RMB8,097,824.00 previously paid under the Original Tenancy Agreement will be automatically carried forward and applied as part of the renewal deposit, and the balance of RMB7,479,208.69 has been paid by Shanghai Hongqiao Parkson as at the Latest Practicable Date. Upon expiry of the Term or in the event of early termination, and after Shanghai Hongqiao Parkson has vacated and handed over the Shanghai Hongqiao Property to Shanghai Changning Real Estate, the Company expects, based on Shanghai Changning Real Estate's current practice with other tenants in the Shanghai Hongqiao Property, that the deposit will be refunded within approximately one month.

Shanghai Changning Real Estate is entitled to deduct and set off against the deposit any unpaid rent, property fees (if any), management fees, late payment charges (as agreed between the parties), liquidated damages (as agreed between the parties), compensation (as agreed between the parties) and any other overdue amounts payable by Shanghai Hongqiao Parkson.

Upon expiry of the Term or earlier termination in accordance with the Shanghai Renewal Agreement, and provided that Shanghai Hongqiao Parkson has returned the Shanghai Hongqiao Property, settled all payable amounts and completed the required deregistration or change of the relevant licences (as tenant or sub-tenants), the landlord shall refund to Shanghai Hongqiao Parkson, without interest, the balance of the deposit remaining after deduction (if any).

Use	:	Operation of department store (mainly), services such as (but not limited to) the retail sale of consumer goods (including jewellery, watches and eyewear, computers, mobile phones, books and audio-visual products, pharmaceutical products, home appliances, clothing and footwear, cosmetics and toys), catering and food and beverage services, entertainment and leisure facilities, personal and lifestyle services (including beauty and hairdressing, fitness, photography and printing services and wedding services), as well as ancillary supermarket, office, storage and other commercial uses within the business scope of Shanghai Hongqiao Parkson as approved by the relevant PRC authorities.
Right to sub-let	:	In respect of sub-letting to sub-lessees (other than Parkson Newcore), Shanghai Hongqiao Parkson has the right to sub-let parts of (but not the whole of) the Shanghai Hongqiao Property.

Shanghai Changning Real Estate has agreed that Shanghai Hongqiao Parkson may operate the premises through its joint venture company, Parkson Newcore, as the operating entity of the Shanghai Hongqiao Property.

There is currently a sub-lease agreement between Shanghai Hongqiao Parkson and Parkson Newcore in respect of the Shanghai Hongqiao Property, which will expire on 30 June 2026. Since 2015, Parkson Newcore has been the sub-lessee/operator of the Shanghai Hongqiao Property, and it has introduced authentic Korean lifestyle experiences to Chinese consumers, featuring a curated range of brands, F&B offerings and leisure services with distinct Korean elements. Over the past years, the Company's engagement with Parkson Newcore as the operator in Shanghai and other city in the PRC has successfully generated revenue and garnered significant consumer recognition. In view of this proven track record, the Company intends to continue its cooperation with Parkson Newcore for the Shanghai Hongqiao Property.

Under the Shanghai Renewal Agreement, it was silent on the permissible area for sub-lease. Currently, out of the total gross floor area, 46,191 sq.m. has been sub-leased to Parkson Newcore.

Shanghai Hongqiao Parkson has entered into a renewal sub-lease agreement with Parkson Newcore on 27 May 2026, which is expected to commence on 1 July 2026 and expire on 31 December 2036. The rental received by Shanghai Hongqiao Parkson from Parkson Newcore under the renewal sub-lease agreement is determined by referencing the unit rent (exclusive of VAT) stipulated in the Shanghai Renewal Agreement, on a pass-through basis, proportionate to the area sub-leased to Parkson Newcore.

Renewal : If Shanghai Hongqiao Parkson wishes to further renew the Shanghai Hongqiao Tenancy upon the expiry of the Term for a period of five (5) years, it shall submit a written request to Shanghai Changning Real Estate at least six months prior to the expiration of the Term, upon which the parties shall negotiate the terms of such further renewal, with the rental terms to be determined based on the agreed rent under the further renewal agreement and the then prevailing market conditions.

		If the parties are unable to reach agreement on the renewal terms and enter into the relevant supplemental agreement no later than 90 days prior to the expiry of the Term, or if Shanghai Hongqiao Parkson does not submit such renewal request within the prescribed time, the Shanghai Hongqiao Tenancy shall terminate automatically upon the expiry of the Term.
Termination	:	Shanghai Changning Real Estate is entitled to terminate the Shanghai Hongqiao Tenancy in the event of a material breach by Shanghai Hongqiao Parkson, including where overdue rent exceeds RMB1 million and remains unpaid for more than 60 days after written demand. In addition, either party is entitled to terminate the Shanghai Hongqiao Tenancy without liability where continued performance becomes impossible or unlawful due to governmental or legal events, including expropriation, demolition or changes in applicable laws or policies, or where the Shanghai Hongqiao Property is rendered unusable for a prolonged period due to force majeure.
Others	:	Save as expressly amended or supplemented by the Shanghai Renewal Agreement, the provision of the Original Tenancy Agreement shall remain in full force and effect.
Effective date	:	The Shanghai Renewal Agreement shall become effective upon the Company obtaining the Shareholders' approval on the Shanghai Renewal Agreement.

3. BASIS FOR DETERMINATION OF THE RENT AND OTHER INFORMATION

The terms of the Shanghai Renewal Agreement (including the rent) were determined after arm's length negotiations between Shanghai Hongqiao Parkson and Shanghai Changning Real Estate, with reference to prevailing market rates for properties comparable to the Shanghai Hongqiao Property (i.e. leased to a single anchor brand similar to Parkson) in the same area, and adjusted for differences in location and surrounding environment, age and maintenance, size, decoration standard, floor levels and other physical characteristics.

The Board has mainly taken into account the valuation report on the Shanghai Hongqiao Property prepared by the independent property valuer set out in Appendix II to this circular, as well as the usual market practice of industry peers in respect of tenancies of similar scale and tenor to the Shanghai Hongqiao Tenancy.

Comparable properties for the Shanghai Hongqiao Property include multi-storey department stores located in the Gubei Commercial Area in Hongqiao District, where the Shanghai Hongqiao Property is situated, which forms part of the core commercial districts and key shopping and business areas of Shanghai City. The Board considers that while there are differences between the comparable properties and the Shanghai Hongqiao Property, in particular in terms of size and exact location, the ranges of adjustment adopted by the independent property valuer are reasonable. The Board is of the view that the selected comparable properties are fair and reasonable for the purpose of determining the rent. The Board has reviewed the adjustment factors and ranges applied by the independent property valuer and considers them reasonable and appropriate, as the Board was advised that such adjustments and their applicable ranges were determined based on observable market data, are consistent with prevailing industry practices, properly reflect the differences between the Shanghai Hongqiao Property and the selected comparable properties, and have been prepared in accordance with the Hong Kong Institute of Surveyors (HKIS) Valuation Standards.

In determining the rental for the Shanghai Hongqiao Tenancy, the Company has considered a number of factors. Based on the Company's calculations of the estimated total rent, the effective annual rent for the first year of the Term (i. e. from 1 July 2026 to 30 June 2027) under the Shanghai Hongqiao Tenancy is RMB54.4 million, which is lower than the effective annual market rent as at 31 March 2026 as evaluated by the independent property valuer. According to the valuation report, the independent property valuer has adopted an effective market rent of approximately RMB94 per sq.m. per month for the Shanghai Hongqiao Property in its existing state as at 31 March 2026 and, on that basis, has arrived at an effective aggregate rent of approximately RMB55.8 million for the first year. The RMB55.8 million represents an effective annual market rent which already takes into account and embeds the impact of the rent-free period. Although the months falling within the rent-free period are not directly payable, the value of such incentives has been reflected in the effective annual market rent adopted by the independent property valuer.

The rent under the Shanghai Hongqiao Tenancy remains unchanged for the first five years of the Term and will increase by approximately 3% for the remaining years. The rental growth rate was concluded after arm's length negotiations with Shanghai Changning Real Estate. For the Shanghai Hongqiao Property, the historical compound annual growth rate of rent has been approximately 2% (with reference to the full 15-year period of the Original Tenancy Agreement), while the compound annual growth rate during the Term is approximately 0.5%. The Board considers this to be in line with common market practice having regard to the usual practice of industry peers and the Company's own experience as a market participant.

The rent-free period and the renovation rent-free period under the Shanghai Renewal Agreement are 10 months and 6 months, respectively. These terms were determined after arm's length negotiations with Shanghai Changning Real Estate and are, in the Company's view, more favourable than those under other tenancy project of the Group in Shanghai, which typically provided a 4-month rent-free period and a 6-month renovation rent-free period. In determining the duration of the renovation periods, the Company also sought to balance the scope of the necessary renovation works with the objective of minimising disruption to the ongoing operations at the Shanghai Hongqiao Property.

For the equipment upgrade commitments, a detailed list of upgrade items and the corresponding budget for replacement and upgrading has been agreed between the parties, based on (i) a comprehensive review of the current condition of the equipment proposed to be upgraded, (ii) an assessment of the operational requirements of the Shanghai Hongqiao Property and (iii) a comparison with prevailing market prices. Accordingly, the Directors are of the view that the rent-free arrangements, renovation periods and equipment upgrade commitments under the Shanghai Renewal Agreement are necessary, fair and reasonable.

The 10.5-year tenancy term with 5-year renewal option for the Shanghai Hongqiao Tenancy was also determined after arm's length negotiations between the parties. The term was agreed by the parties, taking into account that, upon expiry of the Term, Shanghai Hongqiao Parkson will have the opportunity to renew the Shanghai Hongqiao Tenancy for an additional five years based on then prevailing market conditions. This structure allows flexibility for both parties to review and, where appropriate, reassess the rental level and business strategy at the time of renewal given the fast-changing retail market, while still providing a sufficiently long initial term to actualise the Group's long-term planning for the Shanghai Hongqiao Property. Such term length is consistent with the original long-term tenancy arrangement between the parties under the Original Tenancy Agreement (i.e. 15 years), is in line with market practice and aligns with the Group's overall strategy for its retail business. Locking in a long-term operating period has proven to be, and is expected to continue to be, supportive of more stable and sustainable performance and to create long-term value for shareholders.

In light of the above, the Board is of the view that the terms and conditions of the Shanghai Hongqiao Tenancy are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

The rent and other amounts payable by Shanghai Hongqiao Parkson under the Shanghai Hongqiao Tenancy are expected to be funded by the internal resources of the Group.

4. INFORMATION ON THE PARTIES

The Group

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.

Shanghai Hongqiao Parkson

Shanghai Hongqiao Parkson is a company established in the PRC and an indirect wholly-owned subsidiary of the Company principally engaged in the management and operation of department stores in the PRC.

Financial Information of Shanghai Hongqiao Parkson in relation to the Shanghai Hongqiao Property

The financial information set out in the following table is extracted from the unaudited consolidated financial information of Shanghai Hongqiao Parkson in relation to the Shanghai Hongqiao Property under the Original Tenancy Agreement for the two years ended 31 December 2024 and 31 December 2025, respectively:

	For the year ended 31 December 2024 (unaudited) *RMB'000*	**For the year ended 31 December 2025** (unaudited) *RMB'000*
Net loss before taxation	-1,136 *(Note)*	-1,038 *(Note)*
Net loss after taxation	-1,445 *(Note)*	-1,392 *(Note)*

Note: The net losses before and after taxation for both years arise mainly because: (i) the sub-leasing arrangement with Parkson Newcore yields no profit margin; and (ii) a minor portion of the Shanghai Hongqiao Property is occupied by the Group for its own office use and is not sub-leased, thereby resulting in net losses.

Parkson Newcore

Parkson Newcore is a company established in the PRC, and a joint venture principally engaged in the operation of department store. It is ultimately owned as to 49% by the Group and 51% by E-Land Fashion, respectively. E-Land Fashion is a company established in Hong Kong and principally engaged in the business of investment, wholesale and trading of clothing and accessories. E-Land Fashion is ultimately wholly-owned by Eland World Limited, a business-oriented holding company established in Korea and principally engaged in the business of fashion operations. Based on publicly available source, Mr. Park Sung Soo（朴聖秀）holds 40.68% equity interest in Eland World Limited, being the single largest shareholder and the actual controller.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, E-Land Fashion and its ultimate beneficial owners are third parties independent of, and not connected with the Company and its connected persons (as defined under the Listing Rules).

Shanghai Changning Real Estate

Shanghai Changning Real Estate is a company established in the PRC and principally engaged in the business of development, construction, lease and management of real estate in the PRC. Shanghai Changning Real Estate is wholly-owned by Shanghai New Changning (Group) Co., Ltd.*（上海新長寧(集團)有限公司）, which is wholly-owned by Shanghai

Changning State-owned Assets Operation and Investment Co., Ltd. *(上海長寧國有資產經營投資有限公司), which is in turn wholly-owned by the State-owned Assets Supervision and Administration Commission of Changning District, Shanghai*(上海市長寧區國有資產監督管理委員會).

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, Shanghai Changning Real Estate and its ultimate owners are third parties independent of, and not connected with, the Company and its connected persons (as defined under the Listing Rules).

5. REASONS FOR AND BENEFITS OF THE SHANGHAI HONGQIAO TENANCY

The Group has been operating and managing department stores in Shanghai, the PRC for more than 30 years where the Group and the Parkson brand maintains outstanding reputation, goodwill and market recognition, having accumulated numerous brands, customers and government resources. Shanghai continues to be the country's most populous financial centre, boasting the highest per capita disposable income and rising prospects, making it a battleground of great strategic significance for all enterprises wishing to establish their business operations in the PRC.

The Shanghai Hongqiao Property is strategically situated within a mature commercial hub in Shanghai, benefiting from exceptional accessibility via dual metro lines that ensure superior connectivity and robust daily foot traffic. Distinguished from conventional retail centers, the Shanghai Hongqiao Property adopts a unique "Urban Outlets" concept integrated with a distinctive Korean Wave Theme. This cultural fusion strategy, executed through Korean-style architectural elements, interior design motifs, and a curated mix of Korean fashion brands and star-endorsed products, creates an immersive shopping environment.

The Group, together with its joint venture partner, maintains an experienced and stable management team dedicated to the operation of the Shanghai Hongqiao Property. With a fixed rent structure, clearly defined rent-free and renovation periods and landlord-funded equipment upgrades, the renewal of Shanghai Hongqiao Tenancy is expected to provide better visibility over occupancy costs, facilitate refurbishment and repositioning of the store and enhance its competitiveness and customer experience. The Board believes that continuing retail business at the Shanghai Hongqiao Property will have a positive impact on the future development of the Group.

Shanghai Hongqiao Parkson has been the contractual tenant of the Shanghai Hongqiao Property since the Original Tenancy Agreement was entered into in 2010, prior to the establishment of Parkson Newcore in 2015. As such it would be appropriate for Shanghai Hongqiao Parkson to continue act as the contractual tenant for the purpose of entering into the Shanghai Renewal Agreement to renew the Shanghai Hongqiao Tenancy.

Having taken into account the above, the Board is of the view that the terms of the Shanghai Renewal Agreement are fair and reasonable, and also having taken into account the above reasons and benefits, considers that the entering into of the Shanghai Renewal Agreement are in the interests of the Company and the Shareholders as a whole.

6. FINANCIAL EFFECTS OF THE SHANGHAI HONGQIAO TENANCY

Pursuant to IFRS 16, the Group is required to recognise the Shanghai Hongqiao Property as right-of-use asset. Upon commencement of the Term, the Group will recognise the right-of-use asset of approximately RMB374.5 million, and a lease liability amounting to approximately RMB374.5 million.

Set out below is the accounting treatment of the Group in relation to the right-of-use asset in respect of the Shanghai Hongqiao Property.

Each of the right-of-use assets are initially measured at the amount of the lease liability plus any initial direct costs incurred by the respective tenants. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar. After commencement, the respective tenants shall measure the right-of-use asset using a cost model, unless:

(i) the right-of-use asset is an investment property and the relevant tenant fair values its investment property under IAS 40; or

(ii) the right-of-use asset relates to a class of plant, property and equipment ("**PPE**") to which the relevant tenant applies IAS 16's revaluation model, in which case all right-of-use asset relating to that class of PPE can be revalued.

Under the cost model, a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment. A lease liability is initially measured at the present value of the rent payable over the relevant lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the relevant tenant shall use their incremental borrowing rate.

Pursuant to IFRS 16, the Group will recognise the depreciation charge for the right-of-use assets over the useful life on a straight-line basis, and interest expense on the lease liabilities in profit or loss for the Shanghai Hongqiao Property. The annual depreciation amount for the Shanghai Hongqiao Property is approximately RMB35.4 million.

7. IMPLICATIONS UNDER LISTING RULES

Pursuant to IFRS 16, the Group is required to recognise the Shanghai Hongqiao Property as a right-of-use asset, and the entering into of the Shanghai Renewal Agreement and the transactions contemplated thereunder will be regarded as an acquisition of asset by the Group under the Listing Rules. The consideration for the acquisition of the right-of-use asset recognised by the Group pursuant to IFRS 16 is approximately RMB374.5 million, calculated with reference to the present value of the rent under the Shanghai Hongqiao Tenancy as discounted using a discount rate which is equivalent to the Company's incremental borrowing rate during the Term.

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 100%, the entering into of the Shanghai Renewal Agreement constitutes a very substantial acquisition of the Company, and is therefore subject to announcement, circular and Shareholders' approval requirements under Chapter 14 of the Listing Rules.

To the best of the knowledge, information and belief of the Directors, and having made all reasonable enquiries, no Shareholder or any of their respective associates has any material interest in the Shanghai Hongqiao Tenancy and the Shanghai Renewal Agreement. Accordingly, none of the Shareholders is required to abstain from voting in favour of the resolutions to approve the Shanghai Renewal Agreement and the transactions contemplated thereunder at the EGM.

8. EGM

The EGM will be convened for the purpose of, among others, considering and if thought fit, approving the Shanghai Renewal Agreement and the transactions contemplated thereunder. Pursuant to Rule 13.39(4) of the Listing Rules, the chairman of the EGM will demand a poll for all resolutions put forward at the EGM.

A notice convening the EGM to be held on Tuesday, 30 June 2026 at 10:00 a.m. is set out on pages EGM-1 to EGM-2 of this circular.

The Company will conduct the EGM by way of electronic means. Registered Shareholders will be able to attend the EGM, vote and submit questions online via the designated URL (https://evoting.vistra.com/) through the internet by using their computer, tablet device or smartphone. Each registered Shareholder's personalized login and access code and/or the user guide for online voting will be sent to him or her under separate letter.

Non-registered Shareholders whose Shares are held in the Central Clearing and Settlement System through banks, brokers, custodians or Hong Kong Securities Clearing Company Limited may also be able to attend the EGM, vote and submit questions online. In this regard, they should consult directly with their banks, brokers, custodians, nominees or HKSCC Nominees Limited through which their shares are held (as the case may be) (collectively the "**Intermediary**") and instruct the Intermediary to appoint them as proxy or corporate representative to attend and vote at the EGM electronically and in doing so, they will be asked to provide their email address, before the time limit required by the relevant Intermediary. Details regarding the e-Meeting System including the login details will be emailed to them by the Company's branch share registrar, Tricor Investor Services Limited.

If any Shareholder has any question on the arrangements of the EGM, please contact Tricor Investor Services Limited, the Company's branch share registrar and transfer office, at the following:

Address:	17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong
Email:	is-enquiries@vistra.com
Telephone:	(852) 2980 1333
	(From 9:00 a.m. to 5:00 p.m. Monday to Friday, excluding Hong Kong public holidays)

A form of proxy for use by the Shareholders at the EGM is enclosed herein. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and of the Company (www.parksongroup.com.cn). Whether or not you intend to attend the EGM, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the Company's branch share registrar, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong, or via the designated URL (https://evoting.vistra.com/) using the username and password provided on the notification letter sent by the Company as soon as possible and in any event not less than 48 hours before the time appointed for the holding of the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude shareholders from attending and voting in person at the EGM or any adjourned meeting should you so wish and in such event, the instrument appointing the proxy shall be deemed to be revoked.

Registered Shareholders are requested to provide a valid email address of his or her proxy (except appointment of "The Chairman of the Meeting") for the proxy to receive the login access code to participate online to the e-Meeting System.

The record date for determining the entitlement of Shareholders to attend and vote at the EGM will be Tuesday, 30 June 2026. The register of members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026, both days inclusive, during which period no transfer of shares of the Company will be effected, in order to determine the identity of members who are entitled to attend and vote at the EGM to be held on Tuesday, 30 June 2026. All unregistered holders of the Shares shall ensure that all transfer documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong branch share registrar and transfer office, 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 Tuesday, 24 June 2026.

9. RECOMMENDATION

The Directors, including the independent non-executive Directors, consider that the terms of the Shanghai Renewal Agreement and the Shanghai Hongqiao Tenancy, taken as a whole, are fair and reasonable, and also having taken into account the above reasons and benefits, consider that the entering into of the Shanghai Renewal Agreement is in the interests of the Company and the Shareholders as a whole.

Accordingly, the Board recommends the Shareholders to vote in favour of the relevant resolutions as set out in the notice of the EGM.

10. FURTHER INFORMATION

Your attention is also drawn to the additional information of the Group as set out in the appendices to this circular.

Yours faithfully,
For and on behalf of the Board
PARKSON RETAIL GROUP LIMITED
Tan Sri Cheng Heng Jem
Executive Director and Chairman

1. FINANCIAL INFORMATION OF THE GROUP

Financial information of the Group for each of the three years ended 31 December 2025, 2024 and 2023 are disclosed in the following documents which have been published on both the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.parksongroup.com.cn), and can be accessible by the links as follows:

- annual report of the Company for the year ended 31 December 2025 (pages 126 to 276)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2026/0413/2026041300601.pdf

- annual report of the Company for the year ended 31 December 2024 (pages 108 to 264)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2025/0410/2025041000441.pdf

- annual report of the Company for the year ended 31 December 2023 (pages 103 to 260)

  https://www1.hkexnews.hk/listedco/listconews/sehk/2024/0410/2024041000319.pdf

2. STATEMENT OF INDEBTEDNESS

Borrowings

As at the close of business on 30 April 2026, being the latest practicable date for the purpose of this statement of indebtedness, the Group had aggregate outstanding secured interest-bearing borrowings of approximately RMB3,010 million.

Bank borrowings denominated in RMB of approximately RMB2,320 million bear a floating interest rate of the loan prime rate (LPR) of the People's Bank of China per annum. Bank borrowings denominated in MYR of approximately RMB690 million bear a floating interest at a range of 3.25% to 6.15% per annum over KLIBOR.

As at 30 April 2026, the Group's bank borrowings are secured by (i) mortgages over the Group's investment property, which had a net carrying amount of approximately RMB496 million; (ii) mortgages over the Group's buildings, which had a net carrying amount of approximately RMB1,267 million; (iii) mortgages over the Group's leasehold land, which had an aggregate carrying amount of approximately RMB289 million; and (iv) the pledge of trade receivables of approximately RMB833 million and unrealised receivables of approximately RMB191 million which will be due within 48 months.

As at 30 April 2026, items (i), (ii), (iii) in the above paragraph are provided to secure the Group's bank borrowings denominated in RMB, and item (iv) is provided to secure the Group's bank borrowings denominated in MYR. Except for the Group's bank loan denominated in MYR amounted to approximately RMB61 million is guaranteed by the ultimate holding company, Parkson Holdings Berhad, the remaining bank loans are unguaranteed.

Save as disclosed above, the Group had no other bank borrowings loans, no matter guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) or unsecured.

Lease Liabilities

As at 30 April 2026, the Group had current and non-current lease liabilities of approximately RMB390 million and RMB3,169 million, respectively, of which approximately RMB2,581 million were secured by rental deposits of approximately RMB78 million, and others were unsecured and unguaranteed.

General

Save as aforesaid and apart from intra-group liabilities, the Group did not have any debt securities, issued and outstanding, and authorised or otherwise created but unissued, any other outstanding loan capital, any other borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptance (other than normal trade bills) or similar indebtedness, debentures, mortgages, charges, loans, acceptance credits, hire purchase commitments, guarantees or other material contingent liabilities at the close of business on 30 April 2026.

For the purpose of the above statement of indebtedness, foreign currency amounts denominated other than RMB have been translated into RMB at the rates of exchange prevailing at the close of business on 30 April 2026.

3. WORKING CAPITAL

The Directors are of the opinion that, taking into account the Group's available financial resources including internally generated cash flows, credit facilities and cash on hand, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this circular, in the absence of unforeseeable circumstances.

The Company has received confirmation letters from the Company's auditors confirming that (i) in their opinion, the above statement as to the sufficiency of working capital has been made by the Directors after due and careful enquiry; and (ii) the persons or institutions providing finance have confirmed in writing the existence of such facilities as of 30 April 2026 that are shown to be required by the Company's working capital forecast.

4. MATERIAL ADVERSE CHANGE

As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the financial or trading position of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Group were made up.

5. FINANCIAL AND TRADING PROSPECTS OF THE GROUP

The Group is a leading nationwide lifestyle retail operator in the PRC. The Parkson brand was introduced to the Beijing market in the early 1990's and has now operated and managed a diversified collection of retail formats – including department stores, shopping malls, outlets, "Parkson Beauty" concept stores and supermarkets. As at 31 December 2025, the Company's subsidiaries and associates operated and managed 40 Parkson stores and 2 Parkson Newcore City Malls in 23 cities in the PRC and Laos.

The year 2025 unfolded against a backdrop of persistent global uncertainty. The world appears to have settled into a "low growth, high volatility" paradigm, shaped by escalating trade tensions, geopolitical instability, and unpredictable policy shifts. According to the United Nations World Economic Situation and Prospects (WESP) September 2025, the global economy is expected to grow by approximately 2.5% per annum in both 2025 and 2026, indicating a relatively low yet stable growth trajectory. In this challenging environment, the PRC demonstrated commendable resilience. Against this backdrop, the Group expects consumer sentiment and retail spending in its key markets to remain sensitive to macroeconomic shocks. It has therefore adopted a cautious yet focused strategy, emphasising operational efficiency, disciplined capital allocation, and targeted investments in core locations, including the Shanghai Hongqiao Property.

While the PRC's consumption market shows signs of recovery, it remains characterised by cautious spending and increasingly fragmented consumer segments. According to the latest data released by the National Bureau of Statistics of China, the PRC's GDP reached approximately RMB140.19 trillion in 2025, representing a year-on-year increase of around 5.0% compared with 2024. In response, the PRC government has introduced targeted fiscal incentives and sector-specific support measures aimed at reinvigorating economic momentum.

The Group is actively reshaping its identity from a traditional retailer into an innovator of integrated lifestyle destinations. Moving into 2026, the retail landscape is expected to remain competitive and fast-changing. Yet, the Group is confident in its ability not only to adapt, but also to lead. The Group's priorities remain clear: deepen customer engagement, accelerate format innovation, optimise our portfolio, and pursue disciplined expansion in markets where we hold strong footholds.

The Group recognises that transformation is neither immediate nor easy. However, the foundations the Group is laying today – through experiential design, digital integration, brand curation, and community-centric spaces – will position the Group for sustainable, long-term value creation.

6. MANAGEMENT DISCUSSION AND ANALYSIS OF THE GROUP

Set out below are the details of management discussion and analysis of the Group for each of the three financial years ended 31 December 2023, 2024 and 2025. The financial data in respect of the Group, for the purpose of this circular, is derived from the annual report of the Company for each of the three financial years ended 31 December 2023, 2024, and 2025.

(i) For the year ended 31 December 2023

Financial review

Total GSP and operating revenues

During 2023, total GSP (inclusive of value-added tax) increased by 9.5% to RMB10,093.9 million, mainly due to increase in rental income and total merchandise sales. Rental income increased by 72.0% and SSS increased by 7.1% in 2023.

Total merchandise sales (net of value-added tax) increased by RMB432.4 million or 5.9% to RMB7,791.2 million in 2023. Concessionaire sales which constituted 72.7% of the Group's total merchandise sales in 2023 increased by 8.5% as compared to 2022 while direct sales decreased by 0.5% as compared to 2022. The increased in total merchandise sales in 2023 was mainly due to gradual recovering from the pandemic during the year.

The Group's merchandise gross margin (the combination of concessionaire commission rate and direct sales margin) remain stable at 13.5% in 2023 and 2022.

Total operating revenues of the Group increased by RMB428.8 million or 11.4% to RMB4,177.5 million in 2023. The increase in total operating revenues was mainly due to the recognition of rental income from investment property located in Beijing Financial Street. Revenue from contracts with customers consists of sales of goods from direct sales, commissions from concessionaire sales and consultancy and management service fees and constituted 69.4% of the total operating revenues in 2023. Revenue from contracts with customers increased by RMB43.8 million or 1.5% compared to 2022.

Operating expenses

Purchase of goods and changes in inventories represent the cost of sales for direct sales, which decreased by RMB14.4 million or 0.8% from RMB1,850.1 million in 2022 to RMB1,835.7 million in 2023. The slight decrease was primarily due to decrease in procurement of goods from third party vendors, resulting from the slight decreased in direct sales.

Staff costs decreased by RMB50.8 million or 9.5% to RMB485.8 million in 2023 from RMB536.6 million in 2022, mainly due to closure of underperforming business. On a same store basis, staff costs decreased by 4.2%. Staff costs as a percentage of GSP was 5.4% in 2023, as compared to 6.5% in 2022.

Depreciation and amortisation decreased by 7.6% from RMB604.3 million in 2022 to RMB558.5 million in 2023. The decrease was primarily due to decrease in depreciation expense for the right-of-use assets of the properties as a result of changed in lease term for certain stores and closure of underperforming business. In 2023, depreciation expense on the right-of-use assets of RMB346.1 million was recognized as compared to RMB402.9 million in 2022. On a same store basis, depreciation charges decreased by 9.2%. Depreciation and amortisation as a percentage of GSP was 6.2% in 2023, as compared to 7.3% in 2022.

Rental expenses increased by RMB74.9 million to RMB90.1 million in 2023 from RMB15.2 million in 2022. The increased in rental expenses was mainly due to RMB57.2 million in 2022 was deducted in rental expenses to reflect changes in lease payments that arise from rent concessions to which the practical expedient under IFRS 16 is applied where not applicable in 2023. On a same store basis, rental expenses increased by 384.1%. Rental expenses as a percentage of GSP was 1.0% in 2023, as compared to 0.2% in 2022.

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 6.9% to RMB701.9 million in 2023 from RMB753.5 million in 2022. Assets impairment of RMB67.1 million was provided in 2023 while RMB103.3 million was provided in 2022 due to COVID-19 pandemic. On a same store basis, other operating expenses decreased by 4.7%. Other operating expenses as a percentage of GSP was 7.7% in 2023, as compared to 9.1% in 2022.

Profit from operations

The Group recorded profit from operations of RMB505.5 million for 2023 while recorded loss from operations of RMB11.0 million in 2022. Profit from operations as a percentage of GSP was 5.6% in 2023 and loss from operations as a percentage of GSP was (0.1%) in 2022.

Finance income/costs

The Group incurred net finance costs of RMB442.8 million in 2023 which represented an increase of RMB43.8 million or 11.0% compared to RMB398.9 million in 2022. The increase in finance cost mainly resulted from the increase in interest on interest-bearing bank loans which increase from RMB114.9 million in 2022 to RMB200.5 million in 2023. In 2023, interest expense on lease liabilities of RMB297.6 million was recognised as compared to RMB344.1 million in 2022 and interest income on the net investments in sublease of RMB22.7 million was recognised in 2023 as compared to RMB26.5 million in 2022.

Profit/(Loss)

Profit before tax is RMB86.6 million in 2023, compared to loss before tax of RMB413.2 million in 2022. The increase in profit before tax in 2023 was primarily due to gradual recovering from the pandemic during the year. Profit before tax as a percentage of GSP was 1.0% in 2023 and loss before tax as percentage of GSP was (5.0%) in 2022.

The Group's recorded profit of RMB70.5 million in 2023 as compared to loss of RMB385.4 million (restated) in 2022. Profit attributable to the owners of the Company was RMB66.4 million in 2023 as compared to loss attributable to the owners of the Company was RMB383.6 million (restated) in 2022.

Liquidity and financial resources and capital structure

As at 31 December 2023, the Group had cash and bank balances of RMB1,583.4 million (2022: RMB1,464.1 million), time deposits of RMB43.8 million (2022: RMB34.6 million), financial assets at fair value through profit or loss of RMB57.5 million (2022: RMB108.3 million) and restricted cash of RMB100.2 million (2022: nil). The Group's cash and bank balances were mainly denominated in Renminbi with the remaining denominated in United States dollars, Hong Kong dollars and others. As at 31 December 2023, the Group had total debt to total assets ratio of 22.5% (2022 (restated): 21.9%) and gearing ratio of 64% (2022 (restated): 66%).

As at 31 December 2023, the Group had outstanding secured interest-bearing borrowings of approximately RMB2,491.9 million, including bank borrowings denominated in HK$ of approximately RMB2,281.5 million and bank borrowings denominated in MYR of approximately RMB210.4 million, all of which bore floating interest rates. As at 31 December 2023, the Group's bank loans were repayable as follows:

	RMB million
Carrying amount repayable	
– Within one year or on demand	161.3
– In the second year	2,252.5
– In the third to fifth years, inclusive	78.1
Total carrying amount	2,491.9

As at 31 December 2023, the Group had current and non-current lease liabilities of approximately RMB656.7 million and RMB2,360.9 million, respectively.

Contingent Liabilities

As at 31 December 2023, the Group had no contingent liabilities.

Pledge of assets

As at 31 December 2023, the Group had pledged trade receivables of RMB207.9 million, pledged buildings, investment properties and leasehold land with a net carrying amount of approximately RMB1,370.6 million, RMB544.7 million and RMB318.5 million respectively to secure general bank loans. The Group had pledged unrealised receivables of RMB78.9 million which will be due within 48 months to secure the general interest-bearing bank loans. In addition, the Group has pledged deposits of RMB27.1 million held in designated bank accounts for performance guarantee.

Except as disclosed above, the Group had no charges over its assets.

Segment information

As at 31 December 2023, the Group had 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. 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.

Material acquisitions and disposals and significant investments

For the year ended 31 December 2023, the Group did not make any material acquisitions or disposals of subsidiaries or associated companies. As at 31 December 2023, the Group did not hold any significant investments.

Future Plans

In 2023, the Group entered into two tenancy agreements for its plans to open two stores in Mianyang City, Sichuan Province, a supermarket in January 2024 and a department store in 2026, which will be the Group's fourth and fifth stores in Mianyang City. Additionally, the Group entered into a cooperation agreement and plans to open its third store in Datong City, Shanxi Province in 2025. The source of funding will be primarily internal resources of the Group.

Employees

As at 31 December 2023, total number of employees for the Group was 3,826. The Group ensures that all levels of employees are paid competitively within the standard in the market and employees are rewarded on performance related basis within the framework of the Group's salary, incentives and bonus scheme.

Treasury policies

As at 31 December 2023, the business transactions of the Group were mainly denominated in Renminbi. Therefore, except for the capital market transactions for funding needs, there is limited exposure in foreign exchange risk. Hedging instruments including swaps and forwards have been used in the past and would be used in the future, if necessary, to ensure that the Group's exposure to the foreign exchange rate fluctuation and the interest rate fluctuation is minimized.

(ii) For the year ended 31 December 2024

Financial review

Total GSP and operating revenues

Total GSP (inclusive of value-added tax) decreased by 13.8% to RMB8,696.6 million in 2024. The decrease in GSP was a result of slower-than-expected economic recovery that prompted consumption downgrade and led to consumers more cautious in their spending. SSS decreased by 16.1% in 2024.

Total merchandise sales (net of value-added tax) decreased by RMB1,236.9 million or 15.9% to RMB6,554.3 million in 2024. Concessionaire sales which constituted 72.6% of the Group's total merchandise sales in 2024 decreased by 16.0% as compared to 2023 while direct sales decreased by 15.6% as compared to 2023. The total merchandise sales in 2024 decreased across both concessionaire sales and direct sales as compared to 2023 as a result of slower-than-expected economic recovery that prompted consumption downgrade and led to consumers more cautious in their spending.

The Group's merchandise gross margin (the combination of concessionaire commission rate and direct sales margin) decreased from 13.5% in 2023 to 13.3% in 2024.

Total operating revenues of the Group decreased by RMB450.8 million or 10.8% to RMB3,726.7 million in 2024. The decrease in total operating revenues was mainly due to the decrease in sale of goods from direct sales and commissions from concessionaire sales.

Revenue from contracts with customers consists of sales of goods from direct sales, commissions from concessionaire sales and consultancy and management service fees and constituted 65.6% of the total operating revenues in 2024. Revenue from contracts with customers decreased by RMB456.9 million or 15.7% compared to 2023.

Operating expenses

Purchases of goods and changes in inventories represent the cost of sales for direct sales, which decreased by RMB273.6 million or 14.9% from RMB1,835.7 million in 2023 to RMB1,562.1 million in 2024. The decrease was mainly due to decrease in direct sales and thus decrease in procurement of goods from third party vendors.

Staff costs decreased by RMB6.4 million or 1.3% to RMB479.4 million in 2024 from RMB485.8 million in 2023, mainly due to cost controlling during 2024. On a same store basis, staff costs decreased by 2.2%. Staff costs as a percentage of GSP was 6.1% in 2024, as compared to 5.4% in 2023.

Depreciation and amortisation decreased by 10.7% from RMB558.5 million in 2023 to RMB498.5 million in 2024. The decrease was primarily due to decrease in depreciation expense for the right-of-use assets of the properties as a result of changed in rental and payment term for certain stores. In 2024, depreciation expense on the right-of-use assets of RMB299.5 million was recognised as compared to RMB346.1 million in 2023. On a same store basis, depreciation and amortisation decreased by 11.2%. Depreciation and amortisation as a percentage of GSP was 6.4% in 2024, as compared to 6.2% in 2023.

Rental expenses decreased by RMB9.7 million to RMB80.4 million in 2024 from RMB90.1 million in 2023. The decreased in rental expenses was mainly due to decrease in variable rent as a result of decline in the performance of certain stores. On a same store basis, rental expenses decreased by 12.0%. Rental expenses as a percentage of GSP was 1.0% in 2024 and 2023.

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, increased by 22.7% to RMB861.5 million in 2024 from RMB701.9 million in 2023. The increased in other operating expenses mainly due to assets impairment of RMB230.0 million was provided in 2024 as compared to RMB67.0 million provided in 2023. On a same store basis, other operating expenses increased by 13.0%. Other operating expenses as a percentage of GSP was 11.0% in 2024, as compared to 7.7% in 2023.

Profit from operations

The Group recorded profit from operations of RMB244.9 million for 2024 as compared to RMB505.5 million in 2023. Profit from operations as a percentage of GSP was 3.1% in 2024, as compared to 5.6% in 2023.

Finance income/costs

The Group incurred net finance costs of RMB407.3 million in 2024 which represented a decrease of RMB35.5 million or 8.0% compared to RMB442.8 million in 2023. For interest expense on lease liabilities, RMB269.9 million was recognised in finance cost in 2024 as compared to RMB297.6 million in 2023. For interest income on the net investments in sublease, RMB16.4 million was recognised in finance income in 2024 as compared to RMB22.7 million in 2023.

Profit/(Loss)

Loss before tax was RMB147.9 million in 2024 as compared to profit before tax was RMB86.6 million in 2023. The loss before tax in 2024 was primarily due to decline in revenue and the increase in assets impairment provided in light of the latest market environment. Loss before tax as a percentage of GSP was (1.9%) in 2024 and profit before tax as a percentage of GSP was 1.0% in 2023.

The Group's recorded loss of RMB174.5 million in 2024 as compared to profit of RMB70.5 million in 2023. Loss attributable to the owners of the Company was RMB174.8 million in 2024 as compared to profit attributable to the owners of the Company was RMB66.4 million in 2023.

Liquidity and financial resources and capital structure

As at 31 December 2024, the Group had cash and bank balances of RMB1,466.5 million (2023: RMB1,583.4 million), time deposits of RMB35.4 million (2023: RMB43.8 million), financial assets at fair value through profit or loss of RMB66.7 million (2023: RMB57.5 million) and restricted cash of RMB64.0 million (2023: RMB100.2 million). The Group's cash and bank balances 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 24.7% (2023: 22.5%) as at 31 December 2024. As at 31 December 2024, the Group had a gearing ratio of 68%.

As at 31 December 2024, the Group had outstanding secured interest-bearing borrowings of approximately RMB2,810.5 million, including bank borrowings denominated in RMB of approximately RMB2,420.0 million and bank borrowings denominated in MYR of approximately RMB390.5 million, all of which bore floating interest rates. As at 31 December 2024, the Group's bank loans were repayable as follows:

	RMB million
Carrying amount repayable	
– Within one year or on demand	220.1
– In the second year	370.4
– In the third to fifth years, inclusive	2,220
Total carrying amount	2,810.5

As at 31 December 2024, the Group had current and non-current lease liabilities of approximately RMB501.5 million and RMB2,988.8 million, respectively.

Contingent Liabilities

As at 31 December 2024, the Group had no contingent liabilities.

Pledge of assets

As at 31 December 2024, the Group has pledge trade receivables of RMB412.3 million, pledged buildings, investment properties and leasehold land with a net carrying amount of approximately RMB1,326.2 million, RMB523.7 million and RMB305.6 million respectively to secure general bank loans. The Group has pledged unrealised receivables of RMB103.7 million which will be due within 48 months to secure the general interest-bearing bank loans. In addition, the Group has pledged deposits of RMB27.2 million held in designated bank accounts for performance guarantee.

Except as disclosed above, the Group had no charges over its assets.

Segment information

As at 31 December 2024, the Group has one major operating segment, which is "Retail". The Group operates department stores, shopping mall, 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. 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.

Material acquisitions and disposals and significant investments

For the year ended 31 December 2024, the Group did not make any material acquisitions or disposals of subsidiaries or associated companies. As at 31 December 2024, the Group did not hold any significant investments.

Future Plans

In 2024, the Group has developed customised optimisation and upgrading plans for each store, taking into account their unique positioning and competitive market situation. The Group also plans to open two new stores in Datong City and Mianyang City in 2025.

Employees

As at 31 December 2024, total number of employees for the Group was 3,536. The Group ensures that all levels of employees are paid competitively within the standard in the market and employees are rewarded on performance related basis within the framework of the Group's salary, incentives and bonus scheme.

Treasury policies

As at 31 December 2024, the business transactions of the Group were mainly denominated in Renminbi. Therefore, except for the capital market transactions for funding needs, there is limited exposure in foreign exchange risk. Hedging instruments including swaps and forwards have been used in the past and would be used in the future, if necessary, to ensure that the Group's exposure to the foreign exchange rate fluctuation and the interest rate fluctuation is minimized.

(iii) For the year ended 31 December 2025

Financial review

Total GSP and operating revenues

Total GSP (inclusive of value-added tax) decreased by 10.9% to RMB7,745.6 million in 2025. The decrease in GSP was a result of structural shifts in consumer spending behavior and heightened caution in consumer spending amid macroeconomic headwinds and muted income growth expectation. SSS decreased by 16.6% in 2025

Total merchandise sales (net of value-added tax) decreased by RMB1,040.2 million or 15.9% to RMB5,514.1 million in 2025. Concessionaire sales which constituted 70.3% of the Group's total merchandise sales in 2025 decreased by 18.5% as compared to 2024 while direct sales decreased by 9.0% as compared to 2024. The merchandise sales in 2025 decreased across both concessionaire sales and direct sales as compared to 2024 as a result of structural shifts in consumer spending behavior and heightened caution in consumer spending amid macroeconomic headwinds and muted income growth expectation.

The Group's merchandise gross margin (the combination of concessionaire commission rate and direct sales margin) increased from 13.3% in 2024 to 13.7% in 2025.

Total operating revenues of the Group decreased by RMB28.6 million or 0.8% to RMB3,698.1 million in 2025. The decrease in total operating revenues was mainly due to the decrease in sale of goods from direct sales and commissions from concessionaire sales and was partially offset by the increase in other income arising from lease modification and termination and increase in revenue from credit services.

Operating expenses

Purchases of goods and changes in inventories represent the cost of sales for direct sales, which decreased by RMB132.7 million or 8.5% from RMB1,562.1 million in 2024 to RMB1,429.4 million in 2025. The decrease was mainly due to decrease in direct sales and thus decrease in procurement of goods from third party vendors.

Staff costs decreased by RMB9.9 million or 2.1% to RMB469.5 million in 2025 from RMB479.4 million in 2024, mainly due to cost controlling during 2025 and was partially offset by increased in staff cost for stores closure in 2025. On a same store basis, staff costs decreased by 7.3%. Staff costs as a percentage of GSP was 6.7% in 2025, as compared to 6.1% in 2024.

Depreciation and amortisation decreased by 8.5% from RMB498.5 million in 2024 to RMB455.9 million in 2025. The decrease was mainly due to fully depreciated leasehold improvements for certain stores and closure of underperforming stores. In 2025, depreciation expense on the right-of-use assets of the properties of RMB282.3 million was recognised as compared to RMB299.5 million in 2024. On a same store basis, depreciation and amortisation decreased by 4.5%. Depreciation and amortization as a percentage of GSP was 6.5% in 2025, as compared to 6.4% in 2024.

Rental expenses decreased by RMB7.7 million or 9.5% to RMB72.7 million in 2025 from RMB80.4 million in 2024. The decreased in rental expenses was mainly due to decrease in variable rent and closure of underperforming stores. On a same store basis, rental expenses decreased by 6.2%. Rental expenses as a percentage of GSP was 1.0% in 2025 and 2024.

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, increased by 17.1% to RMB1,008.6 million in 2025 from RMB861.5 million in 2024. The increased in other operating expenses mainly due to assets impairment of RMB389.9 million was provided in 2025 as compared to RMB230.0 million provided in 2024. On a same store basis, other operating expenses increased by 5.6%. Other operating expenses as a percentage of GSP was 14.3% in 2025, as compared to 11.0% in 2024.

Profit from operations

The Group recorded profit from operations of RMB262.0 million for 2025 as compared to RMB244.9 million in 2024. Profit from operations as a percentage of GSP was 3.7% in 2025, as compared to 3.1% in 2024.

Finance income/costs

The Group incurred net finance costs of RMB395.1 million in 2025 which represented a decrease of RMB12.2 million or 3.0% compared to RMB407.3 million in 2024. For interest expense on lease liabilities, RMB282.1 million was recognised in finance cost in 2025 as compared to RMB269.9 million in 2024. For interest income on the net investments in subleases, RMB9.4 million was recognised in finance income in 2025 as compared to RMB16.4 million in 2024.

Profit/(Loss)

Loss before tax was RMB120.3 million in 2025 as compared to RMB147.9 million in 2024. The loss before tax in 2025 was primarily due to decline in revenue and the increase in assets impairment provision. Loss before tax as a percentage of GSP was (1.7%) in 2025 and (1.9%) in 2024.

The Group's recorded loss of RMB192.5 million in 2025 and RMB174.5 million in 2024. Loss attributable to the owners of the Company was RMB185.9 million in 2025 and RMB174.8 million in 2024.

Liquidity and financial resources and capital structure

As at 31 December 2025, the Group had cash and bank balances of RMB1,457.2 million (2024: RMB1,466.5 million), time deposits of RMB46.6 million (2024: RMB35.4 million), financial assets at fair value through profit or loss of RMB77.2 million (2024: RMB66.7 million) and restricted cash of RMB60.7 million (2024: RMB64.0 million). The Group's cash and cash equivalents are mainly denominated in Renminbi with the remaining denominated in United States dollars, Hong Kong dollars, Ringgit Malaysia and others. Total debt to total assets ratio of the Group was 26.4% (2024: 24.7%) as at 31 December 2025. As at 31 December 2025, the Group had a gearing ratio of 70%.

As at 31 December 2025, the Group had outstanding secured interest-bearing borrowings of approximately RMB2,975.5 million, including bank borrowings denominated in RMB of approximately RMB2,320.0 million and bank borrowings denominated in MYR of approximately RMB655.5 million, all of which bore floating interest rates. As at 31 December 2025, the Group's bank loans were repayable as follows:

	RMB million
Carrying amount repayable	
– Within one year or on demand	345.6
– In the second year	2,432.6
– In the third to fifth years, inclusive	197.3
Total carrying amount	2,975.5

As at 31 December 2025, the Group had current and non-current lease liabilities of approximately RMB409.2 million and RMB3,190.4 million, respectively.

Contingent Liabilities

As at 31 December 2025, the Group had no contingent liabilities.

Pledge of assets

As at 31 December 2025, the Group has pledged trade receivables of RMB620.8 million, pledged buildings, investment properties and leasehold land with a net carrying amount of approximately RMB1,281.7 million, RMB502.7 million and RMB292.8 million respectively to secure general bank loans. The Group has pledged unrealised receivables of RMB153.1 million which will be due within 48 months to secure the general interest-bearing bank loans. In addition, the Group has pledged deposits of RMB26.7 million held in designated bank accounts for performance guarantee.

Except as disclosed above, the Group had no charges over its assets.

Segment information

As at 31 December 2025, the Group has one major operating segment, which is "Retail". The Group operates department stores, shopping mall, 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. 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.

Material acquisitions and disposals and significant investments

For the year ended 31 December 2025, the Group did not make any material acquisitions or disposals of subsidiaries or associated companies. As at 31 December 2025, the Group did not hold any significant investments.

Future Plans

In May 2025, Datong Parkson Outlet officially commenced operations as the Group's third store in Datong City. In October 2025, the Group launched its fifth store, Mianyang Shangma Parkson, in Mianyang City.

Employees

As at 31 December 2025, total number of employees for the Group was 3,042. The Group ensures that all levels of employees are paid competitively within the standard in the market and employees are rewarded on performance related basis within the framework of the Group's salary, incentives and bonus scheme.

Treasury policies

As at 31 December 2025, the business transactions of the Group were mainly denominated in Renminbi. Therefore, except for the capital market transactions for funding needs, there is limited exposure in foreign exchange risk. Hedging instruments including swaps and forwards have been used in the past and would be used in the future, if necessary, to ensure that the Group's exposure to the foreign exchange rate fluctuation and the interest rate fluctuation is minimized.

The following is the text of a letter and valuation report prepared for the purpose of incorporation in this circular received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of the rental value of the property to be leased to the Group, as at 31 March 2026.

CUSHMAN & WAKEFIELD
戴德梁行

27/F, One Island East
Taikoo Place
18 Westlands Road
Quarry Bay
Hong Kong

15 June 2026

The Board of Directors
Parkson Retail Group Limited
Room 1010, 10th Floor
Harcourt House
39 Gloucester Road
Wanchai
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions of Parkson Retail Group Limited (the "**Company**") for us to provide our opinion of the market rent of the property to be leased to Shanghai Hongqiao Parkson Development Co., Ltd.*(上海虹橋百盛商貿有限公司), an indirect wholly-owned subsidiary of the Company, (collectively the "**Group**") in the People's Republic of China (the "**PRC**") (as more particularly described in the attached valuation report), we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we considered necessary for the purpose of providing the Company with our opinion of market rent of the property as at 31 March 2026 (the "**Valuation Date**").

Valuation Basis

Our valuation of the property represents its market rent which in accordance with HKIS Valuation Standards 2024 published by the Hong Kong Institute of Surveyors ("**HKIS**") is defined as "the estimated amount for which an interest in real properties should be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

In valuing the property, we have complied with the requirements set out in the HKIS Valuation Standards, the RICS Global Valuation Standards and the International Valuation Standards.

We confirm that the valuation is undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Valuation Assumption

Our valuation of the property excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special consideration or concessions granted by anyone associated with the letting, or any element of value available only to a specific lessor or lessee.

Our valuation of the property has been made on the assumption that the lessor leases or lets the property on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the market rent of the property.

Unless otherwise stated, our valuation of the property is on a 100% interest basis.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on the property nor for any expenses or taxation which may be incurred in effecting a letting.

Unless otherwise stated, it is assumed that the property is free from encumbrances, restrictions and onerous nature which could affect its market rent.

Method of Valuation

In valuing the property, we have adopted Market Comparison Method which is universally considered the most acceptable method for assessing the rent of most forms of real estate. This involves the analysis of recent market rental evidences of similar properties to compare with the property under assessment. Each comparable is analysed on the basis of its unit rent; each attribute of the comparable is then compared with the property and where there is a difference, the unit rent is adjusted in order to arrive at the appropriate unit rent for the property.

Source of Information

We have relied to a very considerable extent on the information provided by the Company and have accepted advice given to us on such matters as planning approvals or statutory notices, easements, tenure, identification of the property, tenancy information, particulars of occupancy, site and floor area and all other relevant matters.

In the course of our valuation of the property, we have also relied on the information and advice given by the Company and the PRC legal opinion of the Company's legal adviser, Hylands Law Firm (Shanghai Office)(北京浩天(上海)律師事務所)(the "**PRC Legal Adviser**"), regarding the title to the property and the interest in the property.

Dimensions, measurements and areas included in the valuation report are based on information provided to us and are therefore only approximation. We have had no reason to doubt the truth and accuracy of the information provided to us by the Company which is material to the valuation. We were also advised by the Company that no material facts have been omitted from the information provided.

We would point out that the copies of documents provided to us are mainly compiled in Chinese characters and the transliteration in English represents our understanding of the contents. We would therefore advise the Company to make reference to the original Chinese edition of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with the copies of title documents relating to the property in the PRC. We have not been able to conduct title searches and have not inspected the original documents to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the property in the PRC and we have therefore relied on the advice given by the Group regarding the interests of the Group in the property in the PRC.

In the course of our valuation, we have relied to a considerable extent on the information given by the Company and its legal adviser in respect of the title to the property in the PRC.

In valuing the property, we have assumed that the owner of the property has an enforceable title to the property and has free and uninterrupted rights to use, occupy, assign or lease the property for the whole or part of the unexpired term as granted. We have not verified the authentication of the real estate title certificates and we assume that the copies of relevant documents provided by the Company are true and accurate.

Site Inspection

Our valuer, Bowen Huang (Master of Property and Development and Master of Construction Project Management with 2 years of experience in property valuation) from Shanghai Office inspected the exterior and, wherever possible, the interior of the property on 16 April 2026. The geographical location and overall finishing condition of the property are examined on site. Consistency between physical conditions and relevant operational status is also reviewed accordingly. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not, however, able to report that the property is free of rot, infestation or any other structural defects. No tests were carried out to any of the services.

Unless otherwise stated, we have not been able to carry out detailed on-site measurements to verify the site and floor areas of the property and we have assumed that the areas shown on the copies of documents handed to us are correct.

Currency

Unless otherwise stated, all monetary sums stated in our valuation are in Renminbi ("**RMB**"), the official currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuation have no pecuniary or other interests that could conflict with the proper valuation of the property or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion.

We confirm that we are an independent qualified valuer, as referred to Rule 5.08 of the Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Intended Use and User of Report

This valuation report is issued only for the use of the Company for incorporation into its circular.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited
Grace Lam
MHKIS, MRICS, R.P.S. (GP)
Senior Director
Valuation & Advisory Services, Greater China

Note: Ms. Grace Lam is a member of the Royal Institution of Chartered Surveyors, a Member of the Hong Kong Institute of Surveyors and a Registered Professional Surveyor (General Practice). Ms. Lam has over 30 years of experience in the professional property valuation and advisory services in the Greater China region and various overseas countries. Ms. Lam has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuation competently.

VALUATION REPORT

Property to be leased to the Group in the PRC

Property	Description and tenure	Particulars of occupancy	Market rent in existing state as at 31 March 2026
Relevant parts of (i) Level 1 to Level 6 of the building located at No. 789 Tianshan Road and (ii) Level LG1 to Level 5 of the building located at No. 889 Tianshan Road, both in Changning District, Shanghai, the PRC. （中國上海市長寧區(i)天山路789號大樓一層至六層及(ii)天山路889號大樓負一層至五層之相關部分）	Parkson Newcore City Mall consists of two separate commercial buildings, the East Wing and the West Wing, connected by multi-level sky walkways. The East Wing features five floors above ground and one basement floor, while the West Wing has six floors above ground. The property is erected on a parcel of land of 19,538.00 sq.m. According to the information provided by the Company, the West Wing of the property was completed in 1996 and the East Wing of the property was completed in 2007, with a total leasable area of 49,480.35 sq.m. The property was later renovated in 2011 and 2015. The property is located at No. 789 and 889 Tianshan Road, Changning District, Shanghai. Developments nearby are mainly commercial and residential in nature. The land use rights of the property have been granted or allocated for commercial use (Please see Notes (4) and (6)(f) &(g)). According to the Group, the existing monthly fixed rent (exclusive of value-added tax ("**VAT**")) is RMB5,059,758.41 from 1 January 2026 to 30 June 2026.	As at the Valuation Date, the property was occupied by the Group and operated as a department store.	RMB55,800,000 (RENMINBI FIFTY-FIVE MILLION AND EIGHT HUNDRED THOUSAND) for the first year, exclusive of VAT, rent free period and building management fee (Please see Note 1 below)

Notes:

(1) The rental valuation is conducted subject to the following terms already agreed between the landlord and the tenant:

Store: Parkson Newcore City Mall

Property: Relevant parts of (i) Level 1 to Level 6 of the building located at No. 789 Tianshan Road and (ii) Level LG1 to Level 5 of the building located at No. 889 Tianshan Road, both in Changning District, Shanghai, the PRC.

（中國上海市長寧區(i)天山路789號大樓一層至六層及(ii)天山路889號大樓負一層至五層之相關部分）

Total Leasable Area: 49,480.35 sq.m.

Lease Term: 1 July 2026 to 31 December 2036

Basis of Rent: fixed rent, exclusive of VAT, rent free period and building management fee

Rent Payable*:

Lease Term	Rent free period	Annual rent payable exclusive of VAT, rent free period and building management fee	Growth Rate
From 1 July 2026 to 30 September 2031	5 months: the whole of June 2027, and every September of 2028-2031	First fixed amount	/
From 1 October 2031 to 31 December 2036	5 months: the whole of September 2032, and every December of 2033-2036	Second fixed amount	Approximately 3% of the first fixed amount

Remarks: In assessing the rental value of the property, we have made the assumption that the VAT rates remain unchanged throughout the lease period. Pursuant to the prescribed terms set out above, our opinion of the annual rent of Year 1 (the first complete year under the lease agreement) is RMB55,800,000, exclusive of VAT, rent free period and building management fee, following the rental growth structure specified in the lease agreement.

(2) According to Construction Works Completion Examination Certificate Filing No. 2009CN0038, a total gross floor area ("**GFA**") of 163.20 sq.m. is completed and approved for filing.

No.	Filing No.	GFA (sq.m.)	Issue Date	Filing Authority
1.	2009CN0038	163.20	31 March 2009	Shanghai Changning District Construction and Transportation Commission

(3) According to three Planning Permits for Construction Works, a total gross floor area of 1,776.10 sq.m. follows planning requirement and is approved for construction.

No.	Permit No.	GFA (sq.m.)	Issue Date	Issue Authority
1.	(2010)FA31010520101845	596.71	28 September 2010	Shanghai Changning District Bureau of Planning and Land Administration
2.	(2010)FA31010520102411	472.96	10 December 2010	
3.	(2010)FA31010520111062	706.43	10 June 2011	

(4) According to two Certificates of Real Estate Ownership, the real estate ownership of the property with a site area of 7,583.00 sq.m. and a total gross floor area of 26,821.06 sq.m. has been vested in Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）(independent of the Group), and the real estate ownership of the property with a site area of 11,955.00 sq.m. and a total gross floor area of 38,549.67 sq.m. has been vested in Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）(independent of the Group), and Shanghai Yusheng Real Estate Development Co., Ltd.*（上海裕勝房地產開發有限公司）(independent of the Group) for commercial use. The details of the certificates are shown as follows:

No.	Certificate No.	Land Area (sq.m.)	GFA (sq.m.)	Land Expiry Date	Issued Date
1.	(2009)019559	7,583.00	26,821.06	N.A.	29 October 2009
2.	(2008)001284	11,955.00	38,549.67	17 June 2053	22 January 2008

Remarks: As advised by the Company, the land parcel (Certificate No. (2009)019559) was allocated land with unspecified land use term (Please see Note (6)(f) and (g)).

As advised by the Company, the property occupies part of the aforesaid site area and gross floor area.

(5) We have adopted Market Comparison Method by identifying relevant rental comparables in the nearby developments. Comparable properties are selected based on the following criteria: (i) the lease of comparable properties took place within five years; (ii) comparable properties are located in core and sub-core commercial districts of Shanghai; (iii) the nature of the comparable properties is similar to the property (i.e. leased to a single anchor brand similar to Parkson). We have examined the current market and the rental comparables identified by us are considered exhaustive based on the above criteria. The unit monthly rents of the retail comparables approximately range from RMB92 to RMB140 per month per sq.m., exclusive of VAT.

Rental Comparables		Lease Commencement Date	Approximate Leased Area (sq.m.)	Unit Rent (RMB/sq.m./month)
1.	A multi-storey department store in Huangpu District	2024 Q4	36,000	92
2.	A multi-storey department store in Yangpu District	2021 Q4	44,000	140
3.	A multi-storey supermarket in Putuo District	2022 Q4	18,000	132

The rental comparables are from our internal proprietary database, hence building names are not disclosed as restricted by confidential agreements to third parties.

In arriving at the key assumptions, appropriate adjustments and analysis are considered to reflect the differences in several aspects, including but not limited to location, size, level and other physical characteristics between the property and the comparable properties. The general basis of adjustment is that if the property is similar to comparable properties, no adjustment is necessary. If the property is better than the comparable properties, an upward adjustment is made. Alternatively, if the property is inferior or less desirable than the comparable properties, a downward adjustment is made.

The major adjustments arrive at our valuation:

Adjustment	Comparable 1	Comparable 2	Comparable 3
Time	0%	–30%	–20%
Location & Environment	–6%	–3%	3%
Age & Maintenance	–5%	–5%	–5%
Size	0%	0%	–5%
Level	6%	3%	2%
Frontage	0%	0%	2%
Adjusted Unit Rent (RMB/sq.m./month)	88	92	102

We have assigned equal weighting to the three comparables after due adjustments. As a result, we have adopted a unit market rent of RMB94 per sq.m. per month for a total leasable area of 49,480.35 sq.m., equivalent to a sum of approximately RMB55,800,000, exclusive of VAT, rent free period and building management fee for the first year. The market rent is an effective rent whereby the impact of any potential rent free period has been embedded, and no further adjustment is necessary in this regard.

Based on our independent adjustment of the rental comparables as mentioned above, we are of the view that our opinion of the market rent of the property to be fair and reasonable.

(6) We have been provided with a legal opinion on the title to the property issued by the Group's PRC Legal Adviser which contains, inter-alia, the following information:

a. The lease agreement and its supplemental agreement are legally binding on both the lessors and the lessee upon completion of the internal approval process.

b. Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）is the legal owner of the relevant portion of the property, entitled to lawfully possess, use, derive profit from and otherwise dispose of the property, and to lease to a third party in accordance with applicable laws. The exercise of the aforesaid rights shall be subject to the agreements between the property owner and the mortgagee;

c. Shanghai Yusheng Real Estate Development Co., Ltd.*（上海裕勝房地產開發有限公司）is the legal owner of the relevant portion of the property, entitled to lawfully possess, use, derive profit from and otherwise dispose of the property, and to lease to a third party in accordance with applicable laws. The exercise of the aforesaid rights shall be subject to the agreements between the property owner and the mortgagee. As the wholly-owned subsidiary of Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）, Shanghai Yusheng Real Estate Development Co., Ltd.（上海裕勝房地產開發有限公司）has authorised Shanghai Changning Real Estate Management Co., Ltd.（上海長寧房地產經營有限公司）, via a Power of Attorney, to exercise full disposal rights and lease their jointly owned property to Shanghai Hongqiao Parkson Development Co., Ltd.*（上海虹橋百盛商貿有限公司）;

d. Pursuant to the Shanghai Renewal Agreement, the lessor shall procure a consent letter from the Bank of Communications Co., Ltd., Shanghai Changning sub-branch (the "**Mortgagee**", independent of the Group) for the real estate owner's external leasing of the property. The Mortgagee had released the consent letter on 8 May 2026;

e. Given that the developer has obtained the Planning Permit for Construction Works for the relevant leased premises, the Shanghai Renewal Agreement will not be ruled invalid by Chinese courts simply due to the lack of real estate titles for part of the premises;

f. Based on the copy of Certificate of Real Estate Ownership and the search results from the Shanghai Real Estate Register corresponding to the property at No. 789 Tianshan Road, Changning District, Shanghai, the nature of the state-owned land use right is allocation. Pursuant to the provisions of the Urban Real Estate Administration Law (《城市房地產管理法》), where the owner, Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）, leases out such premises, it shall return to the State the land proceeds contained in the rent. Even if a Chinese court holds that the owner of the property, Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）, failed to fully comply with the provisions of Articles 44 or 45 of the "Interim Measures"(《暫行條例》第44條或第45條的規定）in leasing out the property located at No. 789 Tianshan Road, Changning District, Shanghai, the Shanghai Renewal Agreement may still be upheld as valid by a Chinese court;

g. In consideration of the following circumstances: (1) The business scope of Shanghai Changning Real Estate Management Co., Ltd.*（上海長寧房地產經營有限公司）(the property owner) includes the leasing of self-owned properties, and it is not an entity exercising public power such as a state administrative authority or judicial organ; (2) Both the building usage and the corresponding land usage of the property at No. 789 Tianshan Road, Changning District, Shanghai are commercial in nature, and the actual usage of the premises by Shanghai Parkson after leasing is consistent with the approved building and land usage; For over 15 years since the establishment of the lease relationship between the lessor and the lessee, there have been no litigations, arbitrations or disputes concerning the validity of the contract between the parties. With the agreed effective conditions fulfilled, the Shanghai Renewal Agreement shall be legally binding on the lessor and the lessee.

* *For identification purposes only. For ease of reference, the names of the PRC established companies or entities have generally been included in both Chinese and English languages and in the event of inconsistency, the Chinese language shall prevail.*

Regarding the Shanghai Hongqiao Property, save for a minor portion occupied for the Group's office use, a majority portion has been sublet to Parkson Newcore for its operations. Accordingly, the Shanghai Hongqiao Property is classified as a revenue-generating asset with an identifiable income stream under the Listing Rules.

In accordance with Rule 14.69(4)(b)(i) of the Listing Rules, the Company is required to include in this circular the profit and loss statements for the three preceding financial years, i.e. years ended 31 December 2023, 2024 and 2025 (the "**Relevant Periods**"), on the identifiable net income stream in relation to the Shanghai Hongqiao Property (the "**Unaudited Profit and Loss Statements**") which must be reviewed by the reporting accountant to ensure that such information has been properly compiled and derived from the underlying books and records. The Unaudited Profit and Loss Statements prepared by the Directors and its basis of preparation are set out below.

UNAUDITED PROFIT AND LOSS STATEMENTS OF THE SHANGHAI HONGQIAO PROPERTY

		For the year ended 31 December		
		2023	**2024**	**2025**
	Note	*RMB'000*	*RMB'000*	*RMB'000*
Revenues		–	–	–
Other operating revenues	*(1)*	14,692	14,129	13,759
Total operating revenues		14,692	14,129	13,759
Operating expenses				
Depreciation and amortisation		(569)	(565)	(565)
Other operating expenses	*(1)*	(15,306)	(14,779)	(14,491)
Total operating expenses		(15,875)	(15,344)	(15,056)
Loss from operations		(1,183)	(1,215)	(1,297)
Finance income		14,108	10,084	5,370
Finance costs		(14,240)	(10,005)	(5,111)
Loss before tax		(1,315)	(1,136)	(1,038)
Income tax expense		(125)	(309)	(354)
Loss for the year		(1,440)	(1,445)	(1,392)

Note:

(1) Other operating expenses mainly consist of utilities and management fee charges. For the portion of utilities attributable to the space subleased to the associate, the corresponding costs are recharged to Parkson Newcore, and such recoveries are recognised as other operating revenue.

The Unaudited Profit or Loss Statements are prepared by the Directors solely for the purpose of inclusion in this circular in connection with the proposed renewal of the lease for Shanghai Hongqiao Property which constitute a very substantial acquisition under the Listing Rules. The Directors engaged Grant Thornton Hong Kong Limited (the "**Reporting Accountant**") to review the Unaudited Profit or Loss Statements in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" as issued by the Hong Kong Institute of Certified Public Accountants.

A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable the Reporting Accountant to obtain assurance that the Reporting Accountant would become aware of all significant matters that might be identified in an audit. Accordingly, the Reporting Accountant does not express an audit opinion.

Basis of preparation of the Unaudited Profit or Loss Statements

The Unaudited Profit or Loss Statements have been prepared solely for the purpose of inclusion in the circular in connection with the proposed renewal of the lease for Shanghai Hongqiao Property in accordance with Rule 14.69(4)(b)(i) of the Listing Rules and in accordance with the relevant accounting policies adopted by the Company in the preparation of the consolidated financial statements of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2025, which conform with IFRS Accounting Standards as issued by the International Accounting Standards Board. The Unaudited Profit or Loss Statements have been prepared under the historical cost convention. The Unaudited Profit or Loss Statements neither contain sufficient information to constitute a complete set of financial statements as defined in International Accounting Standard 1 (Revised) "Presentation of Financial Statements" nor a set of financial statements as defined in International Accounting Standard 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board, and that it should be read in connection with the Group's relevant published annual consolidated financial statements.

A. INTRODUCTION

The following is the unaudited pro forma financial information of Parkson Retail Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group"), comprising the unaudited pro forma consolidated statement of profit or loss and unaudited pro forma consolidated net assets statement of the Group (the "Unaudited Pro Forma Financial Information"), which is prepared in accordance with paragraph 4.29 of the Listing Rules and to illustrate the effect of the proposed renewal of the lease for Shanghai Hongqiao Property and the sublease of certain portion thereof (the "Proposed Lease Arrangement") on the Group's consolidated financial position as at 31 December 2025, as if the Proposed Lease Arrangement had been commenced on 31 December 2025, and on the Group's consolidated financial performance for the year ended 31 December 2025, as if the Proposed Lease Arrangement had been commenced on 1 January 2025. Details of the proposed renewal of lease for Shanghai Hongqiao Property are set out in "Letter from the Board" contained in this Circular.

The unaudited pro forma consolidated net assets statement of the Group is prepared based on the audited consolidated statement of financial position of the Group as at 31 December 2025 which has been extracted from the published annual report of the Company for the year ended 31 December 2025, as if the Proposed Lease Arrangement had been commenced on 31 December 2025 after making certain pro forma adjustments that are (i) directly attributable to the Proposed Lease Arrangement; and (ii) factually supportable.

The unaudited pro forma consolidated statement of profit or loss of the Group is prepared based on the audited consolidated statement of profit or loss of the Group for the year ended 31 December 2025, which has been extracted from the published annual report of the Company for the year ended 31 December 2025, as if the Proposed Lease Arrangement had been completed on 1 January 2025 after making certain pro forma adjustments that are (i) directly attributable to the Proposed Lease Arrangement; and (ii) factually supportable.

The Unaudited Pro Forma Financial Information of the Group is prepared by the Directors based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. Because of its hypothetical nature, it may not give a true picture of the actual financial position and the results of operation of the Group had the Proposed Lease Arrangement been commenced on 31 December 2025 and 1 January 2025 or at any future dates, whichever are applicable.

The Unaudited Pro Forma Financial Information of the Group should be read in conjunction with the financial information of the Group as set forth in the published annual report of the Company for the year ended 31 December 2025 and other financial information included elsewhere in this Circular.

B. UNAUDITED PRO FORMA CONSOLIDATED NET ASSETS STATEMENT OF THE GROUP

	Note 1	Note 2	Note 3	Note 6	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets					
Property, plant and equipment	2,470,357				2,470,357
Investment properties	506,116				506,116
Right-of-use assets	2,872,105	360,111	(336,174)		2,896,042
Goodwill	1,432,008				1,432,008
Investments in associates	51,867				51,867
Trade receivables	836,825				836,825
Time deposits	24,302				24,302
Other assets	18,495		334,735		353,230
Deferred tax assets	265,164		137		265,301
	8,477,239				8,836,048
Current assets					
Inventories	255,038				255,038
Trade receivables	445,966				445,966
Prepayments and other receivables	479,744	7,479	890		488,113
Financial assets at fair value through profit or loss	77,162				77,162
Restricted cash	60,690				60,690
Time deposits	22,316				22,316
Cash and bank balances	1,457,222	(7,479)		(648)	1,449,095
	2,798,138				2,798,380
Current liabilities					
Trade payables	455,033				455,033
Other payables and accruals	620,633				620,633
Contract liabilities	545,340				545,340
Interest-bearing bank loans	345,613				345,613
Lease liabilities	409,195	5,867			415,062
Tax payable	25,988				25,988
	2,401,802				2,407,669
Net current assets	396,336				390,711
Total assets less current liabilities	8,873,575				9,226,759
Non-current liabilities					
Interest-bearing bank loans	2,629,888				2,629,888
Lease liabilities	3,190,409	354,244			3,544,653
Deferred tax liabilities	167,072				167,072
	5,987,369				6,341,613
NET ASSETS	2,886,206				2,885,146

C. UNAUDITED PRO FORMA CONSOLIDATED STATEMENT OF PROFIT OR LOSS OF THE GROUP

	Note 1	Note 4	Note 5	Note 6	
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Revenues	3,075,959				3,075,959
Other operating revenues	622,098		(455)		621,643
Total operating revenues	3,698,057				3,697,602
Operating expenses					
Purchase of goods and changes in inventories	(1,429,374)				(1,429,374)
Staff costs	(469,455)				(469,455)
Depreciation and amortisation	(455,883)	2,479	(2,193)		(455,597)
Rental expenses	(72,709)				(72,709)
Other operating expenses	(1,008,624)			(648)	(1,009,272)
Total operating expenses	(3,436,045)				(3,436,407)
Profit from operations	262,012				261,195
Finance income	30,784	(5,215)	27,962		53,531
Finance costs	(425,916)	5,112	(29,579)		(450,383)
Share of profits of associates	12,814	(6,871)	(220)		5,723
Loss before tax	(120,306)				(129,934)
Income tax expense	(72,203)	260	212		(71,731)
Loss for the year	(192,509)				(201,665)
Attributable to:					
– Owners of the Company	(185,863)	(4,235)	(4,273)	(648)	(195,019)
– Non-controlling interests	(6,646)				(6,646)
	(192,509)				(201,665)

D. NOTES TO THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

Notes:

1. The figures are extracted from the audited consolidated statement of financial position of the Group as at 31 December 2025, and the consolidated statement of profit or loss of the Group for the year ended 31 December 2025 as set out in the published annual report of the Company for the year ended 31 December 2025.

2. These adjustments represented the addition of right-of-use asset and the rental deposit paid in respect of the Shanghai Hongqiao Property and a corresponding lease liability as a result of the renewal of the lease for the property.

   The right-of-use asset and lease liability are measured based on the present value of future lease payments discounted at the Group's incremental borrowing rate. For the purposes of the Unaudited Pro Forma Financial Information, it is assumed that the transaction took place on 31 December 2025, and the right-of-use asset was valued based on cash flows discounted from that date (i.e. RMB360,111,000). In contrast, for the actual recognition of the right-of-use asset in relation to the Shanghai Hongqiao tenancy renewal, the discounting period commences from 30 June 2026 and thus the actual right-of-use asset will be valued based on cash flows discounted from that date at approximately RMB374,499,000.

   For further details, please refer to the section headed "Shanghai Renewal Agreement" in the Letter of the Board contained in this circular.

3. Currently, the Group has operated its retail business on the certain portion of Shanghai Hongqiao Property through a sub-lease arrangement with its associate, Parkson Newcore. The pro forma adjustment represents the reclassification of that portion of the right-of-use asset into a net investment in the sublease arising from the sublease of such portion to Parkson Newcore.

   For the purposes of the compilation of the unaudited pro forma consolidated net assets statement of the Group, it is assumed that the renewal of the sub-lease agreement will be entered into between Shanghai Hongqiao Parkson and Parkson Newcore at the same time when renewal of the lease for Shanghai Hongqiao Property commenced on 31 December 2025 and the unit rent per sq.m. (exclusive of VAT) for the renewal sub-lease agreement will be the same as per the lease agreement.

   The sublease is classified as a finance lease under IFRS 16. Accordingly, on 31 December 2025, the Group derecognised the right-of-use asset of approximately RMB336,174,000 for the portion to be sub-leased to Parkson Newcore and recognised a corresponding current portion and non-current portion of the net investment in the sublease of approximately RMB890,000 and RMB334,735,000, respectively. The difference between the carrying amount of the right-of-use asset and the net investment in the sublease was recognised in profit or loss and hence a deferred tax asset recognised of approximately RMB137,000.

4. For the purposes of the compilation of the unaudited pro forma consolidated statement of profit or loss of the Group, it is assumed that the Proposed Lease Arrangement commenced on 1 January 2025. Thus, the relevant income and expense arising from the existing lease of Shanghai Hongqiao Property and existing sub-lease arrangement are reversed. The reversal of the existing lease and existing sub-lease arrangement includes: (i) depreciation of the right-of-use asset of approximately RMB2,479,000; (ii) finance income on the net investment in the sublease of approximately RMB5,215,000; (iii) interest on lease liabilities of approximately RMB5,112,000; (iv) share of profit of an associate of approximately RMB6,871,000; and (v) deferred tax of approximately RMB260,000.

   At the same time, the income and expense from the renewed lease of Shanghai Hongqiao Property and renew sub-lease arrangement are adjusted as set out in Note 5 below.

5. For the purposes of the compilation of the unaudited pro forma consolidated statement of profit or loss of the Group, it is assumed that the Proposed Lease Arrangement commenced on 1 January 2025 and the unit rent per sq.m. (exclusive of VAT) for the renewal sub-lease agreement will be the same as per the lease agreement. For the renewal of the lease for Shanghai Hongqiao Property, the right-of-use asset and lease liability are measured based on the present value of future lease payments discounted on 1 January 2025 at the Group's incremental borrowing rate.

   Upon recognition, the Group recognised the depreciation of the right-of-use asset and the interest expense on the lease liability in the profit or loss for the year ended 31 December 2025. During the year ended 31 December 2025, the Group recognised depreciation of the right-of-use asset of approximately RMB2,193,000 and recognised interest on lease liabilities of approximately RMB29,579,000.

   For the renewal of the sub-lease arrangement, the Group derecognised a right-of-use asset for the portion to be sub-leased to Parkson Newcore and recognised a net investment in the sublease on 1 January 2025. The difference between the carrying amount of the right-of-use asset and the net investment in the sublease was recognised in profit or loss of approximately RMB455,000. For the year ended 31 December 2025, the Group recognised the finance income on the sublease of approximately RMB27,962,000. Due to the assumption that the Proposed Lease Arrangement commenced on 1 January 2025, the finance costs of its associate, Parkson Newcore, will be increased and hence the Group recognised share of loss of Parkson Newcore of approximately RMB220,000.

   As a result of the above adjustments, the Group recognised a deferred tax credit of approximately RMB212,000.

6. The adjustment reflects the estimated transaction costs including legal, accounting and valuation fees of approximately RMB648,000 which are paid by cash.

7. No other adjustments have been made to the Unaudited Pro Forma Financial Information to reflect any trading results or other transactions entered into by the Group subsequent to 31 December 2025.

The following is the text of a report received from, Grant Thornton Hong Kong Limited, Certified Public Accountants, Hong Kong, the reporting accountant of the Company, in respect of the unaudited pro forma financial information of the Group for the purpose of incorporation in this circular.

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the directors of Parkson Retail Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Parkson Retail Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma consolidated net assets statement as at 31 December 2025, the unaudited pro forma consolidated statement of profit or loss for the year ended 31 December 2025 and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages IV-1 to IV-4 of Appendix IV to the Company's circular dated 15 June 2026 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in the notes as set out on pages IV-1 to IV-4 of Appendix IV to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed renewal of the lease for Shanghai Hongqiao Property and the sublease of a certain portion thereof (the "Proposed Lease Arrangement") on the Group's consolidated financial position as at 31 December 2025 and the Group's consolidated financial performance for the year ended 31 December 2025 as if the Proposed Lease Arrangement had been commenced on 31 December 2025 and 1 January 2025 respectively. As part of this process, information about the Group's consolidated financial position and consolidated financial performance have been extracted by the Directors from the Group's consolidated financial statements for the year ended 31 December 2025, on which an auditors' report has been published.

Directors' Responsibilities for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting

Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") as issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Management

We have complied with the independence and other ethical requirement of the Code of Ethics for Professional Accountants as issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Management 1 "Quality Management for Firms that Perform Audits and Reviews of Financial Statements, or Other Assurance or Related Services Engagements" as issued by the HKICPA, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" as issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 as issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of Unaudited Pro Forma Financial Information included in an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 1 January 2025 or 31 December 2025 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Grant Thornton Hong Kong Limited
Certified Public Accountants
11th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

15 June 2026

Ng Ka Kong
Practising Certificate No.: P06919

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

2. DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SECURITIES

As at the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the Shares, underlying Shares and/or debentures (as the case may be) of the Company or any of its associated corporations (within the meaning of the SFO) which will be required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any such Director or chief executive is taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

(a) Long positions of Tan Sri Cheng Heng Jem in the share capital of the Company

Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities *(Note 1)*	Approximate Percentage of Shareholding *(Note 2)*
Corporate interest	PRG Corporation Limited ("**PRG Corporation**")	PRG Corporation	1,438,300,000 ordinary shares	54.59%
Corporate interest	East Crest International Limited ("**East Crest**")	East Crest	9,970,000 ordinary shares	0.38%

Notes:

1. Tan Sri Cheng Heng Jem, together with his wife, Puan Sri Chan Chau Ha alias Chan Chow Har, through their interests and a series of companies in which they have a substantial interest, are entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of Parkson Holdings Berhad ("**PHB**"). Since PHB is entitled to exercise or control the exercise of 100% of the voting power at general meeting of PRG Corporation through East Crest, pursuant to the SFO, he is deemed to be interested in both the 1,438,300,000 Shares held by PRG Corporation and the 9,970,000 Shares held by East Crest in the Company.

2. Based on the issued and paid-up capital of the Company as at the Latest Practicable Date.

(b) Long positions of Tan Sri Cheng Jem in the share capital of the Company's associated corporations (as defined in the SFO)

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding *(Note)*
PHB	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem together with his spouse, Puan Sri Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	Tan Sri Cheng Heng Jem together with his spouse, Puan Sri Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	626,917,128 ordinary shares	54.56%
East Crest	Corporate interest	PHB	PHB	1,600,000,000 ordinary shares	100%
Puncak Pelita Sdn. Bhd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
Parkson Properties Holdings Co., Ltd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
Parkson Vietnam Investment Holdings Co., Ltd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
Prime Yield Holdings Limited	Corporate interest	PHB	PHB	1 ordinary share	100%
Corporate Code Sdn. Bhd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
PRG Corporation	Corporate interest	East Crest	East Crest	1 ordinary share	100%
Smart Spectrum Limited	Corporate interest	East Crest	East Crest	1 ordinary share	100%
Serbadagang Holdings Sdn. Bhd.	Corporate interest	East Crest	East Crest	2 ordinary shares	100%
Parkson Services Pte. Ltd.	Corporate interest	East Crest	East Crest	100 ordinary shares	100%
Parkson Retail Asia Limited	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem and through East Crest	Tan Sri Cheng Heng Jem and through East Crest	458,433,300 ordinary shares	68.03%
Parkson Properties Hanoi Co., Ltd.	Corporate interest	Parkson Properties Holdings Co., Ltd.	Parkson Properties Holdings Co., Ltd.	1 ordinary share	100%
Parkson TSN Holdings Co., Ltd.	Corporate interest	Parkson Vietnam Investment Holdings Co., Ltd.	Parkson Vietnam Investment Holdings Co., Ltd.	2 ordinary shares	100%
Dyna Puncak Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Gema Binari Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Prestasi Serimas Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2,000,000 ordinary shares	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding *(Note)*
Centro Retail Pte. Ltd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	2 ordinary shares (SGD) 1 ordinary share (MYR)	100%
PT. Tozy Sentosa (Put into bankruptcy on 17 May 2021)	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	45,000 Series A common shares	100% (in aggregate)
		Centro Retail Pte. Ltd.	Centro Retail Pte. Ltd.	5,000 Series A common shares	
		Parkson Retail Asia Limited	Parkson Retail Asia Limited	30,355,850 Series B preference shares	100%
Parkson Corporation Sdn. Bhd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	82,000,002 ordinary shares	100%
Parkson Myanmar Co., Pte. Ltd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	1 ordinary share (SGD) 1 ordinary share (MYR)	100%
Parkson Yangon Company Limited	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	1,900,000 ordinary shares	100% (in aggregate)
		Parkson Myanmar Co., Pte. Ltd.	Parkson Myanmar Co., Pte. Ltd.	100,000 ordinary shares	
Parkson HBT Properties Co., Ltd.	Corporate interest	Parkson TSN Holdings Co., Ltd.	Parkson TSN Holdings Co., Ltd.	2,100,000 capital (USD)	100%
Idaman Erajuta Sdn. Bhd.	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	2 ordinary shares	100%
Magna Rimbun Sdn. Bhd.	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	2 ordinary shares	100%
True Excel Investments Limited	Corporate interest	Dyna Puncak Sdn. Bhd.	Dyna Puncak Sdn. Bhd.	1 ordinary share	100%
Parkson Branding Sdn. Bhd.	Corporate interest	Gema Binari Sdn. Bhd.	Gema Binari Sdn. Bhd.	7,000,000 ordinary shares	100%
Parkson SGN Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	4,500,000 capital (USD)	100%
Parkson Cambodia Holdings Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	1 ordinary share	100%
Parkson Edutainment World Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	1,000,000 ordinary shares	100%
Parkson Lifestyle Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	61,000,000 ordinary shares	100%
Parkson Haiphong Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	30,000,920 capital (USD)	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding *(Note)*
Parkson Private Label Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	15,000,000 ordinary shares	100%
Parkson Trading (Vietnam) Company Limited	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	300,000 capital (USD)	100%
Solid Gatelink Sdn. Bhd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	33,400,000 ordinary shares	100%
Parkson Vietnam Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	10,340,000 capital (USD)	100%
Parkson Myanmar Investment Company Pte. Ltd.	Corporate interest	Parkson Myanmar Co., Pte. Ltd.	Parkson Myanmar Co., Pte. Ltd.	2,100,000 ordinary shares	70%
Festival City Sdn. Bhd.	Corporate interest	Idaman Erajuta Sdn. Bhd.	Idaman Erajuta Sdn. Bhd.	500,000 ordinary shares	100%
Megan Mastika Sdn. Bhd.	Corporate interest	Magna Rimbun Sdn. Bhd.	Magna Rimbun Sdn. Bhd.	300,000 ordinary shares	100%
True Excel Investments (Cambodia) Co., Ltd.	Corporate interest	True ExcelInvestments Limited	True ExcelInvestments Limited	1,000 ordinary shares	100%
Parkson (Cambodia) Co., Ltd.	Corporate interest	Parkson Cambodia Holdings Co., Ltd.	Parkson Cambodia Holdings Co., Ltd.	1,000 ordinary shares	100%
Parkson Vietnam Management Services Co., Ltd.	Corporate interest	Parkson Vietnam Co.,Ltd.	Parkson Vietnam Co.,Ltd.	100,000 capital (USD)	100%
Dimensi Andaman Sdn. Bhd.	Corporate interest	Megan Mastika Sdn. Bhd.	Megan Mastika Sdn. Bhd.	54,019,999 ordinary shares	100%

Note: Based on the relevant information of the respective companies as at the Latest Practicable Date.

(c) Short positions of Tan Sri Cheng Heng Jem in the share capital of the Company's associated corporations (as defined in the SFO):

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding *(Note)*
PHB	Corporate interest	Tan Sri Cheng Heng Jem together with his spouse, Puan Sri Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	Tan Sri Cheng Heng Jem together with his spouse, Puan Sri Chan Chau Ha alias Chan Chow Har directly, and through a series of controlled corporations	40,000,142 ordinary shares	3.48%

Note: Based on the relevant information of the respective companies as at the Latest Practicable Date.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and/or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which are required to be (i) notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); (ii) entered in the register kept by the Company under section 352 of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code.

3. SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at the Latest Practicable Date, so far as is known to any Directors or chief executives of the Company, the following persons (other than the Directors and chief executive of the Company) had, or were deemed or taken to have, an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO or was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other members of the Group:

Name of Shareholder	Long/Short Positions	Nature of Interest	Number of Shares	Percentage of Shareholding (direct or indirect)
PHB	Long	Corporate interest	1,448,270,000 *(Note 1)*	54.97%
Puan Sri Chan Chau Ha alias Chan Chow Har	Long	Interest of spouse	1,448,270,000 *(Note 2)*	54.97%
PRG Corporation	Long	Beneficial interest	1,438,300,000 *(Note 1)*	54.59%

Name of Shareholder	Long/Short Positions	Nature of Interest	Number of Shares	Percentage of Shareholding (direct or indirect)
Chan Kin	Long	Corporate interest	955,975,517 *(Note 3)*	36.28%
Argyle Street Management Holdings Limited	Long	Corporate interest	955,975,517 *(Note 3)*	36.28%
Argyle Street Management Limited	Long	Investment manager	955,975,517 *(Note 3)*	36.28%
ASM Connaught House General Partner II Limited	Long	Corporate interest	940,584,517 *(Note 3)*	35.70%
ASM Connaught House Fund II LP	Long	Corporate interest	940,584,517 *(Note 3)*	35.70%
Bishan Street Limited (“**Bishan**”)	Long	Beneficial interest and security interest	933,845,517 *(Note 3)*	35.44%
Wang Hung Roger	Long	Beneficial interest and trustee	429,935,500 *(Note 4)*	16.32%
Wang Hsu Vivine H	Long	Interest of spouse and beneficiary of a trust	429,935,500 *(Note 5)*	16.32%
GEICO Holdings Limited	Long	Corporate interest	421,646,346 *(Note 6)*	16.00%
Golden Eagle International Retail Group Limited	Long	Beneficial interest	421,646,346 *(Note 6)*	16.00%
Wang Dorothy S L	Long	Beneficiary of a trust	421,646,346	16.00%
Wang Janice S Y	Long	Beneficiary of a trust	421,646,346	16.00%
Irelia Management Sdn. (“**Irelia**”)	Long	Beneficial interest	131,727,000	5.00%
NTG Holding Ltd	Long	Corporate interest	131,727,000	5.00%
AEI Capital Global SPC on behalf of NTG Strategic Fund SP (“**AEI Capital**”)	Long	Corporate interest	131,727,000	5.00%

Notes:

1. PRG Corporation is a wholly-owned subsidiary of East Crest which is in turn wholly-owned by PHB. By virtue of the SFO, PHB is deemed to be interested in the Shares held by PRG Corporation in the Company.

2. Puan Sri Chan Chau Ha alias Chan Chow Har is the wife of Tan Sri Cheng Heng Jem and is deemed to be interested in 1,448,270,000 Shares which Tan Sri Cheng Heng Jem is deemed to be interested in for the purposes of the SFO.

3. According to disclosure of interest filings available on the Stock Exchange's website, Mr. Chan Kin is deemed to be interested in the Shares held by several corporations which he directly or indirectly controls. Out of these 955,975,517 Shares, 9,645,517 Shares are interests in cash-settled unlisted derivatives.

   Bishan and ASM Connaught House Fund LP beneficially owned 9,645,517 and 11,565,500 Shares respectively. Bishan also held 924,200,000 security interests on the Shares among the 933,845,517 Shares it is interested in.

   Bishan was held indirectly by Argyle Street Management Limited as the Investment Manager through ASM Connaught House Fund II LP, ASM Connaught House Fund LP and several other controlled corporations. ASM Connaught House General Partner II Limited and ASM Connaught House General Partner Limited were two wholly controlled corporations of Argyle Street Management Holding Limited. Mr. Chan Kin has 100% control over Argyle Street Management Limited through his 50.43% control over Argyle Street Management Holding Limited. Accordingly, Mr. Chan Kin, Argyle Street Management Holding Limited and Argyle Street Management Limited were deemed to be interested in an aggregate holding of 955,975,517 Shares by virtue of the SFO.

4. The capacities of Wang Hung Roger in holding the 429,935,500 Shares (Long position) were as to 8,289,154 Shares (Long position) as beneficial owner and 421,646,346 Shares (Long position) as trustee.

5. Wang Hsu Vivine H is the wife of Wang Hung Roger and is deemed to be interested in 429,935,500 Shares held by Wang Hung Roger.

6. Golden Eagle International Retail Group Limited is wholly-owned by GEICO Holdings Limited. By virtue of the SFO, GEICO Holdings Limited is deemed to be interested in the Shares held by Golden Eagle International Retail Group Limited in the Company.

7. Irelia is wholly-owned by NTG Holding Limited. NTG Holding Limited is wholly-owned by AEI Capital. By virtue of the SFO, AEI Capital is deemed to be interest in the Shares held by Irelia in the Company.

As at the Latest Practicable Date, as far as the Directors are aware, each of the following persons, not being a Director or the chief executive of the Company, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meeting of a member of the Group other than the Company:

Substantial Shareholder	**Member of the Group**	**Percentage of Equity Interest Held**
Wuxi Supply and Marketing Group Co., Ltd. ("**Wuxi Supply and Marketing**") *(Note 1)*	Wuxi Sanyang Parkson Plaza Co., Ltd. ("**Wuxi Parkson**")	40%
Guizhou Shenqi Enterprise Co., Ltd. ("**Guizhou Shenqi Enterprise**") *(Note 2)*	Guizhou Shenqi Parkson Retail Development Co., Ltd. ("**Guizhou Parkson**")	40%
E-Land Fashion Hong Kong Limited ("**E-Land Hong Kong**")	Parkson Newcore Retail Shanghai Ltd. ("**Parkson Newcore**")	51%
E-Land Hong Kong	Nanchang Parkson Newcore Retail Ltd. ("**Nanchang Newcore**") *(Note 3)*	51%
Koh Wee Lit	Habitat Blue Sdn. Bhd.	40.55%
Bernice Cheong Nyuk Siew	Habitat Blue Sdn. Bhd.	16.67%

Notes:

1. Wuxi Supply and Marketing owns 40% of the equity interest of Wuxi Parkson.

2. (i) Guizhou Shenqi Enterprise, owns 40% of the equity interest of Guizhou Parkson.

   (ii) Zhang Pei, Zhang Zhi Jun and Zhang Ya, own 30%, 40% and 30% of the equity interest in Guizhou Shenqi Enterprise, representing a 12%, 16% and 12% indirect equity interest in Guizhou Parkson, respectively.

3. Parkson Newcore owns 100% of the equity interest in Nanchang Newcore. E-Land Hong Kong owns 51% of the equity interest in Parkson Newcore, and thus E-Land Hong Kong is indirectly interested in 51% of the equity interest in Nanchang Newcore.

Save as disclosed herein, as at the Latest Practicable Date, so far as was known to the Directors or chief executive of the Company, there was no other person, other than the Directors or chief executive of the Company and (in the case of the other members of the Group) other than the Company, who had an interest or short position in the Shares and underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

As at the Latest Practicable Date, Tan Sri Cheng Heng Jem, an executive Director and chairman of the Board, was the director of PHB, and Juliana Cheng San San, an executive Director, was the director of PRG Corporation. Save as disclosed herein, no Director was a director or any employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO as at the Latest Practicable Date.

4. DIRECTORS' SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors have any existing or proposed service contracts with the Company or any member of the Group (excluding contracts expiring or which may be terminated by the Company or the relevant Group member within one year without payment of compensation other than statutory compensation).

5. DIRECTORS' INTERESTS IN ASSETS

As at the Latest Practicable Date, none of the Directors had any direct or indirect interests in any assets which have been acquired or disposed of by, or leased to, or which were proposed to be acquired or disposed of by, or leased to, any member of the Group since 31 December 2025, being the date to which the latest published audited financial statements of the Group were made up.

6. DIRECTORS' INTERSTS IN CONTRACTS

None of the Directors was materially interested in any contract or arrangement subsisting as of the Latest Practicable Date which is significant in relation to the business of the Group.

7. DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group which would fall to be disclosable under the Listing Rules.

8. LITIGATION

As at the Latest Practicable Date, no member of the Group was involved in any litigation or claims of material importance nor was any litigation or claims of material importance known to the Directors to be pending or threatened against any member of the Group.

9. MATERIAL CONTRACTS

The Group did not enter into any contract which was or might be material other than those entered into in the ordinary course of business carried on or intended to be carried on by the Company or any of its subsidiaries within the two years immediately preceding and including the Latest Practicable Date.

10. MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

Save as disclosed hereinabove, there was no material acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the year ended 31 December 2025 and up to and including the Latest Practicable Date.

11. EXPERTS AND CONSENTS

Name	Qualification
Grant Thornton Hong Kong Limited	Certified Public Accountants
Cushman & Wakefield Limited	Independent property valuer
Hylands Law Firm (Shanghai Office)	PRC legal adviser

Each of the above experts has given and has not withdrawn its written consent to the issue of the circular with the inclusion of its letter or opinion or advice and the references to its name in the form and context in which it appears.

As at the Latest Practicable Date, each of the above experts was not beneficially interested in the share capital of any member of the Group nor did it have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor did it have any interest, either direct or indirect, in any assets which have been, since 31 December 2025 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

12. DOCUMENTS ON DISPLAY

Copies of the following documents will be published on the websites of the Stock Exchange (http://www.hkexnews.hk) and the Company (www.parksongroup.com.cn) for a period of 14 days from the date of this circular:

(a) the Shanghai Renewal Agreement;

(b) the valuation report from Cushman & Wakefield Limited, the text of which is set out in Appendix II to this circular;

(c) the unaudited pro forma financial information of the Group from Grant Thornton Hong Kong Limited, the text of which is set out in Appendix IV to this circular; and

(d) the letters of consent from the experts referred to in paragraph 11 in this appendix.

13. MISCELLANEOUS

(a) The registered office of the Company is situated at P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

(b) The principal place of business of the Company in Hong Kong is at Room 1010, 10th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

(c) The principal share registrar and transfer office of the Company in the Cayman Islands is Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands.

(d) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(e) The secretary of the Company is Au-Yeung Nelly a Chartered Secretary, a Chartered Governance Professional and an Associate of both The Hong Kong Chartered Governance Institute and The Chartered Governance Institute in the United Kingdom.

(f) In the event of any inconsistency, the English text of this circular shall prevail over the Chinese text.

PARKSON 百盛

PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司

(a company incorporated in the Cayman Islands with limited liability)

(Stock Code: 3368)

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an extraordinary general meeting of shareholders of Parkson Retail Group Limited (the "**Company**") will be held by way of electronic means via an e-meeting system (https://evoting.vistra.com/) on Tuesday, 30 June 2026, at 10:00 a.m. (the "**EGM**"), to consider and, if thought fit, pass, with or without amendments, the following resolution as an ordinary resolution.

Words and expressions that are not expressly defined in this notice of EGM shall bear the same meaning as that defined in the circular to shareholders of the Company dated 15 June 2026.

ORDINARY RESOLUTION

"**THAT:**

1. the Shanghai Renewal Agreement entered into between Shanghai Hongqiao Parkson (as tenant) and Shanghai Changning Real Estate (as landlord) in relation to the Shanghai Hongqiao Tenancy and the transactions contemplated thereunder be approved, ratified and confirmed; and any director of the Company be and is hereby authorised to do all such acts and things, negotiate, approve, sign, initial, ratify and/or execute all documents which may in his opinion be necessary, desirable or expedient to implement and give effect to any matters arising from, relating to or incidental to the Shanghai Renewal Agreement and transactions contemplated thereunder."

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

Hong Kong, 15 June 2026

Notes:

(a) Pursuant to Rule 13.39(4) of the Listing Rules, all resolutions set out in this notice will be decided by poll at the EGM. Accordingly, the chairman of the EGM will demand a poll on each of the proposed resolutions at the EGM pursuant to Article 90 of the Articles of Association of the Company. Article 97 of the Articles of Association provides that on a poll, every shareholder present in person or by proxy shall have one vote for each share registered in his name in the register. An explanation of the detailed procedures of conducting a poll will be provided to shareholders at the EGM. The results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and of the Company (www.parksongroup.com.cn).

(b) The record date for determining the entitlement to attend and vote at the EGM will be Tuesday, 30 June 2026. The register of members of the Company will be closed from Thursday, 25 June 2026 to Tuesday, 30 June 2026, both days inclusive, during which period no transfer of shares of the Company will be effected. In order to determine the identity of members who are entitled to attend and vote at the EGM to be held on Tuesday, 30 June 2026. All transfer documents 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 24 June 2026 (Hong Kong time), being the last registration date.

(c) A member entitled to attend, speak and vote at the EGM is entitled to appoint a proxy (who must be an individual) to exercise all or any of his right to attend, speak and vote in his stead. A proxy need not be a member of the Company.

(d) If a Typhoon Signal No. 8 or above is hoisted or a Black Rainstorm Warning Signal is in force at any time between 6:30 a.m. and 7:30 a.m. on the day of the EGM, the EGM will be adjourned. The Company will post an announcement on the Company's website (www.parksongroup.com.cn) and the HKEXnews website (www.hkexnews.hk) to notify Shareholders of the date, time and place of the adjourned meeting. The EGM will be held as scheduled when an Amber or a Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the EGM under bad weather conditions bearing in mind their own situations.

(e) In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof, must be deposited at 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 no later than 10:00 a.m. on Sunday, 28 June 2026 (Hong Kong time).