PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock code: 3368)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

HIGHLIGHTS

Total operating revenues for the period amounted to RMB1,738.5 million, representing a decrease of 11.4% as compared to RMB1,962.8 million for the corresponding period of last year.

Same store sales ("SSS") for the period decreased by 13.5%.

Total gross sales proceeds ("GSP") inclusive of value-added tax for the period were RMB3,532.4 million, representing a year-on-year decrease of 15.0%.

Profit from operations for the period was RMB235.4 million, representing a decrease of 8.6% as compared to RMB257.6 million for the corresponding period of last year.

Profit attributable to owners of the Company for the period was RMB23.0 million, representing an increase of 2.2% as compared to RMB22.5 million for the corresponding period of last year.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

The board (the "Board") of directors (the "Directors") of Parkson Retail Group Limited (the "Company") would like to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "Group") for the six months ended 30 June 2026 ("1H2026") with comparative figures for the corresponding period in the year 2025 ("1H2025"). The unaudited consolidated interim results have been reviewed by the auditor, Grant Thornton Hong Kong Limited and the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June 2026 RMB'000 Unaudited	2025 RMB'000 Unaudited
Revenues	4	**1,454,378**	1,615,743
Other operating revenues	4	**284,141**	347,087
Total operating revenues		**1,738,519**	1,962,830
Operating expenses			
Purchases of goods and changes in inventories		**(688,678)**	(773,476)
Staff costs		**(213,759)**	(252,821)
Depreciation and amortisation		**(214,953)**	(241,078)
Rental expenses		**(35,865)**	(37,505)
Other operating expenses		**(349,854)**	(400,311)
Total operating expenses		**(1,503,109)**	(1,705,191)
Profit from operations		**235,410**	257,639
Finance income	6	**9,881**	12,696
Finance costs	6	**(204,339)**	(219,588)
Share of profits of associates		**10,041**	9,421
Profit before tax	5	**50,993**	60,168
Income tax expense	7	**(27,811)**	(39,218)
Profit for the period		**23,182**	20,950
Attributable to:			
– Owners of the Company		**22,957**	22,468
– Non-controlling interests		**225**	(1,518)
		23,182	20,950
EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	8		
Basic and diluted		**RMB0.009**	RMB0.009

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Profit for the period	**23,182**	20,950
Other comprehensive (expenses)/income		
Other comprehensive (expenses)/income that may be reclassified to profit or loss in subsequent periods:		
– Exchange differences on translation of foreign operations	**(18,425)**	31,845
Other comprehensive (expenses)/income for the period, net of tax	**(18,425)**	31,845
Total comprehensive income for the period	**4,757**	52,795
Attributable to:		
– Owners of the Company	**4,532**	54,313
– Non-controlling interests	**225**	(1,518)
	4,757	52,795

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2026** *RMB'000* **Unaudited**	As at 31 December 2025 *RMB'000* Audited
NON-CURRENT ASSETS			
Property,plant and equipment		**2,385,658**	2,470,357
Investment properties		**495,528**	506,116
Right-of-use assets		**2,851,102**	2,872,105
Goodwill		**1,432,008**	1,432,008
Investments in associates		**61,908**	51,867
Trade receivables	*10*	**855,094**	836,825
Time deposits		**24,302**	24,302
Other assets		**335,073**	18,495
Deferred tax assets		**268,795**	265,164
		8,709,468	8,477,239
CURRENT ASSETS			
Inventories		**216,748**	255,038
Trade receivables	*10*	**473,399**	445,966
Prepayments and other receivables		**494,593**	479,744
Financial assets at fair value through profit or loss		**64,992**	77,162
Restricted cash		**59,055**	60,690
Time deposits		**47,031**	22,316
Cash and bank balances		**1,309,885**	1,457,222
		2,665,703	2,798,138
CURRENT LIABILITIES			
Trade payables	*11*	**358,394**	455,033
Other payables and accruals		**620,217**	620,633
Contract liabilities		**523,669**	545,340
Interest-bearing bank loans		**2,502,156**	345,613
Lease liabilities		**369,995**	409,195
Tax payable		**27,095**	25,988
		4,401,526	2,401,802
NET CURRENT (LIABILITIES)/ASSETS		**(1,735,823)**	396,336
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,973,645**	8,873,575

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

	As at 30 June 2026 *RMB'000* Unaudited	As at 31 December 2025 *RMB'000* Audited
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	**450,226**	2,629,888
Lease liabilities	**3,481,792**	3,190,409
Deferred tax liabilities	**156,218**	167,072
	4,088,236	5,987,369
NET ASSETS	**2,885,409**	2,886,206
EQUITY		
Issued capital	**55,477**	55,477
Reserves	**2,770,187**	2,765,655
	2,825,664	2,821,132
Non-controlling interests	**59,745**	65,074
TOTAL EQUITY	**2,885,409**	2,886,206

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL INFORMATION

1. CORPORATE INFORMATION

Parkson Retail Group Limited (the "Company") is a limited liability company incorporated in the Cayman Islands on 3 August 2005. The Company has established a principal place of business in Hong Kong in Room 1010, 10th floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong.

The Company acts as an investment holding company. The principal activities of the Company and its subsidiaries (the "Group") are the operation and management of a network of department stores, shopping malls, outlets and supermarkets mainly in the People's Republic of China (the "PRC"), and the provision of credit services in Malaysia.

In the opinion of the directors, the ultimate holding company of the Company is Parkson Holdings Berhad ("PHB"), which is incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad.

2. BASIS OF PREPARATION

The interim condensed consolidated financial information for the six months ended 30 June 2026 has been prepared in accordance with International Accounting Standard ("IAS") 34 "Interim Financial Reporting" as issued by the International Accounting Standards Board.

The interim condensed consolidated financial information does not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements for the year ended 31 December 2025.

Going Concern Basis

The Group reported net current liabilities of RMB1,735,823,000 as at 30 June 2026. The unrestricted cash and cash equivalents amounting to RMB1,309,885,000 as at 30 June 2026. As at 30 June 2026, the Group's capital commitment in respect of the capital expenditure for its construction in progress and leasehold improvement to be incurred in the coming twelve months was RMB3,204,000. These circumstances may cast significant doubt on the Group's ability to continue as a going concern.

Management has prepared a cash flow forecast of the Group for the next twelve months from reporting date based on the existing situation, the future events and commitments of the Group. Management considered that the Group will have adequate working capital to meet its obligations, and therefore the consolidated financial statements of the Group have been prepared on a going concern basis. Measures and estimations have been taken into consideration by management, including and not limited to:

(a) The Group's syndicated loans of RMB2,270,000,000 are secured by mortgages over the Group's properties with a total carrying amount of RMB2,038,080,000. After considered the fair values of these pledged assets and the annual rental income from investment properties, management believes that the pledged assets are sufficient to cover the outstanding balance of the loans in full.

(b) The Group has been actively negotiating with banks to obtain additional loans to replace the existing RMB2,270,000,000 secured syndicated bank loans and to supplement its operating cash flows. Based on the communication between the Group and the banks, among others, up to the date of approval of the interim condensed consolidated financial information, the Group expects to obtain additional loans amounting to approximately RMB2,300,000,000. Nevertheless, the confirmation of the loans is subject to the final contract between the Group and the banks.

(c) The Group continues to focus on the improvement of its retail business operation, including opening new stores with competitive advantages, closing underperforming stores, formulating customised renovation and upgrade plan for the stores, and advancing its integrated "online + offline" sales model.

Management considered that the Group will have sufficient working capital to fulfil its financial obligations and commitments as and when they fall due in the coming twelve months from 30 June 2026. Accordingly, management is satisfied that it is appropriate to prepare the interim condensed consolidated financial information on a going concern basis.

3. GROSS SALES PROCEEDS

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Sale of goods from direct sales	**787,969**	884,586
Gross revenue from concessionaire sales	**1,716,749**	2,098,512
Total merchandise sales	**2,504,718**	2,983,098
Others (including consultancy and management service fees, gross rental income, credit services income and other operating revenues)	**702,084**	784,408
Total gross sales proceeds	**3,206,802**	3,767,506
Total gross sales proceeds (inclusive of value-added tax)	**3,532,416**	4,155,310

4. REVENUES, OTHER OPERATING REVENUES AND SEGMENT INFORMATION

Revenues

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Revenue from contracts with customers		
Sale of goods from direct sales	**787,969**	884,586
Commissions from concessionaire sales	**248,466**	293,836
Consultancy and management service fees	**2,005**	2,757
	1,038,440	1,181,179
Revenue from other sources		
Gross rental income	**291,047**	326,772
Credit services	**124,891**	107,792
	415,938	434,564
	1,454,378	1,615,743

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Rental income is recognised on a time proportion basis over the lease terms. Credit services income is recognised when the relevant services are rendered.

Other operating revenues

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Credit card handling fees	**7,427**	10,151
Promotion income	**19,102**	23,473
Electricity and water fees	**64,603**	64,957
Administration fees	**83,160**	79,235
Display space and equipment leasing income	**29,540**	27,852
Service fees	**6,899**	9,620
Government grants *(Note)*	**3,269**	3,135
Other income arising from the recognition of net investments in subleases	**–**	8,394
Other income arising from lease modification and termination	**58,861**	111,610
Other income	**11,280**	8,660
	284,141	347,087

Note:

Various local government grants have been granted to reward the Group for its contributions to the local economy. There were no unfulfilled conditions or contingencies attaching to these government grants.

Segment information

For management purposes, the Group has one major operating segment, which is "Retail". The Group operates department stores, shopping malls, outlets and supermarkets mainly in the PRC. Revenues arising from this segment include sales of goods in direct sales, commissions from concessionaire sales, consultancy and management service fees and rental income from tenants. Besides, the Group provides consumer financing business which is carried out by Parkson Credit Sdn. Bhd. ("Parkson Credit") in Malaysia.

Revenue from external customers are mostly generated in the PRC and almost all significant operating assets of the Group are located in the PRC. Since revenue from external customers and non-current assets excluding financial instruments and deferred tax assets of overseas companies outside the PRC are not material to the Group's consolidated revenue and non-current assets excluding financial instruments and deferred tax assets, management believes there is no need to disclose geographical information.

5. PROFIT BEFORE TAX

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

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Staff costs excluding directors' and chief executive's remuneration:		
– Wages, salaries and bonuses	**164,617**	167,627
– Pension scheme contributions*	**17,595**	20,079
– Social welfare and other costs	**26,389**	59,569
	208,601	247,275
Directors' and chief executive's remuneration	**5,158**	5,546
Total staff costs	**213,759**	252,821
Rental expenses in respect of leased properties:		
– Lease payments not included in the measurement of lease liabilities	**35,865**	37,505
Gross rental income in respect of investment properties	**(44,755)**	(103,727)
Lease income in respect of subleases of properties under operating leases:		
– Minimum lease payments**	**(185,427)**	(170,185)
– Contingent lease payments***	**(60,865)**	(52,860)
Total gross rental income	**(291,047)**	(326,772)
Cost of inventories recognised as expenses	**688,678**	773,476
Depreciation and amortisation	**214,953**	241,078
Impairment of trade receivables	**41,808**	46,056
(Reversal of impairment)/Impairment of prepayments and other receivables	**(1,968)**	1,711
Impairment of property, plant and equipment	**27,347**	9,347
Impairment of goodwill****	**–**	24,400
Losses on disposal of property, plant and equipment	**1,088**	1,053
Foreign exchange differences, net	**9,293**	4,465
Auditor's remuneration	**673**	650
Direct operating expenses arising from rental-earning investment properties	**10,588**	10,588

* As at 30 June 2026 and 2025, the Group had no forfeited contributions available to reduce its existing level of contributions to the retirement benefit schemes in future years.

** Minimum lease payments of the Group include pre-determined rental payments and minimum guaranteed rental payments for lease agreements with contingent rental payments.

*** Contingent lease payments are calculated based on a percentage of the relevant financial performance of the tenants pursuant to the rental agreements.

**** During the six months ended 30 June 2025, impairment loss was recognised for the underperforming cash generating unit of Jiangxi Parkson Retail Co., Ltd.

6. FINANCE INCOME/(COSTS)

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Finance income:		
Bank interest income	**7,198**	6,591
Gain on redemption of financial assets at fair value through profit or loss	**93**	285
Change of fair value of financial assets at fair value through profit or loss	**429**	467
Finance income on the net investments in the subleases	**2,161**	5,353
	9,881	12,696
Finance costs:		
Interest on lease liabilities	**(134,982)**	(147,527)
Interest on interest-bearing bank loans and other borrowings	**(69,357)**	(72,061)
	(204,339)	(219,588)
Finance costs, net	**(194,458)**	(206,892)

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on the assessable profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

An analysis of income tax expense is as follows:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Current income tax	**42,296**	39,188
Deferred tax	**(14,485)**	30
	27,811	39,218

8. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic earnings per share is based on the profit for the period attributable to owners of the Company, and the weighted average number of ordinary shares in issue during the period.

The Group had no potentially dilutive ordinary shares in issue during the six months ended 30 June 2026 and 2025.

The calculations of basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	Unaudited	Unaudited
Earnings		
Profit attributable to owners of the Company, used in the basic and diluted earnings per share calculations	**22,957**	22,468

	For the six months ended 30 June	
	2026	2025
	'000	*'000*
Shares		
Weighted average number of ordinary shares outstanding during the period used in the basic and diluted earnings per share calculations	**2,634,532**	2,634,532

9. INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for 1H2026 (1H2025: RMB0.02).

10. TRADE RECEIVABLES

Trade receivables mainly arise from purchase by customers with credit cards and credit services arise from loan receivables. The credit period of trade receivables is generally one month. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances, except for loan receivables which are secured over the motor vehicles of customers. Among the balance, RMB1,295,794,000 (31 December 2025: RMB1,240,791,000) are with an interest rate range from 6.6% to 16.0% per annum (31 December 2025: 6.6% to 16.0% per annum) depending on the payment term of loan receivables, while others are interest-free.

An ageing analysis of the trade receivables as at 30 June 2026 and 31 December 2025 based on the invoice date and net of loss allowance, is as follows:

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	Unaudited	Audited
Within 1 year	**473,399**	445,966
1 to 2 years	**389,153**	373,536
Over 2 years	**465,941**	463,289
	1,328,493	1,282,791

11. TRADE PAYABLES

An ageing analysis of the trade payables, based on the recognition date, is as follows:

	As at 30 June 2026	As at 31 December 2025
	RMB'000	*RMB'000*
	Unaudited	Audited
Within 3 months	**328,216**	426,885
4 to 12 months	**12,626**	9,037
Over 1 year	**17,552**	19,111
	358,394	455,033

MANAGEMENT DISCUSSION AND ANALYSIS

The Board would like to present the interim results of the Group for the six months ended 30 June 2026 (the "Review Period").

During the Review Period, amid rising uncertainties in the global economic environment, the economy of the People's Republic of China (the "PRC") demonstrated remarkable resilience. According to the latest data released by the National Bureau of Statistics of China, in the first half of 2026, the PRC's GDP reached RMB69.57 trillion, representing a year-on-year increase of 4.7%, while total retail sales of consumer goods grew by 1.3% year-on-year. The overall economy maintained a steady recovery trajectory despite operating in a complex environment.

FINANCIAL RESULTS

During the Review Period, the Group recorded gross sales proceeds of RMB3,532.4 million (inclusive of value-added tax), representing a decrease of 15.0% compared to the same period last year. This change was primarily attributable to the structural shifts in consumer spending content and patterns, coupled with the ongoing transition of certain stores from traditional department store formats to shopping mall formats, which resulted in a corresponding decrease in concessionaire sales and direct sales. Same-Stores-Sales ("SSS") decreased by 13.5% during the Review Period. The Group recorded operating profit of RMB235.4 million during the Review Period, compared to RMB257.6 million in the same period last year, representing a decrease of 8.6%.

As of 30 June 2026, the Group and its associates operated and managed 38 Parkson stores (including department stores, shopping malls, outlets, Parkson Beauty concept stores, and supermarkets) across 23 cities in the PRC and Laos, as well as 2 Parkson Newcore City Malls.

OPERATIONAL REVIEW

Over the years, consumer spending behavior in the PRC has continued to evolve, ushering the consumer market into a new phase of demand reconstruction rather than a mere downgrade in consumption. Today's shoppers have shifted beyond material satisfaction to a multidimensional fulfillment of value, experience, and emotional resonance. Consumption patterns have also evolved from standardised product purchases to more personalised, diversified, and scenario-driven consumption, reflecting the changing preference of emerging consumer segments. As a result, new economic trends such as the silver economy, self-indulgence economy, and experience economy are gaining momentum.

In response to these trends, the Group is actively redefining its positioning by placing customers at the center of our strategy, transforming physical spaces from "transactional markets" to "lifestyle innovation destinations". The year 2025 marked a pivotal turning point in the Group's renovation and transformation efforts. The Group formulated customised renovation and upgrade plans for our stores to restructure business formats and gradually phase out traditional ones. The Group has driven the transformation of key stores, such as our Harbin Store, Nanning Store, Hefei Store, and Shenyang Store. Although this transition inevitably required a period of adjustment, resulting in a decline in concessionaire and direct sales, it has gradually increased foot traffic to our stores.

Transformation and renovation are a gradual process, hence the Group has designated 2026 as our "Year of Transformation Breakthrough". The Group will continue to deepen and comprehensively roll out the renovation of key transforming stores, with the aim of elevating customer experience and improving operational efficiency. At the same time, we are increasing our support for the Group's high-potential stores in their growth stage by refining targeted, sustainable enhancement plans for these stores. Our focus is on building resilient, scalable profitability across our portfolio.

During the Review Period, the Group renewed the tenancy for Mianyang Parkson Fulin Store and Shanghai Parkson Newcore City Mall. Mianyang Parkson Fulin Store is positioned as a mid-to-high-end department store, which together with Mianyang Parkson Sanjiang Supermarket, Mianyang Parkson Guanhua Supermarket, Mianyang Parkson Metropolitan Store, and Mianyang Parkson Shangma Shopping Mall (which opened in October 2025), form a multi-store layout with differentiated market positioning within one city.

Meanwhile, Shanghai Parkson Newcore City Mall embraces a unique "City Outlets" concept and integrates a vibrant Korean-wave theme to create an immersive shopping landscape. Shanghai Parkson Newcore City Mall is located in the prime area of Changning District, Shanghai and is operated by our associate, Parkson Newcore.

The Group has also conducted a comprehensive review of its portfolio. During the Review Period, the Group closed Chengdu Fashion Parkson Store and Shanghai Xinzhuang Parkson Store due to strategic operational adjustments. The Group aims to provide consumers with a more comfortable, modern, and premium shopping environment and service experience.

OUTLOOK AND FUTURE PLANS

Looking ahead, the PRC's retail industry has entered a deep adjustment period characterised by increasing competition for existing market share and structural divergence. To navigate this landscape, our transformation strategy retains its customer-centric focus with clear priorities: deepen customer engagement, accelerate business format innovation, and optimise our portfolio. We firmly believe that this is a crucial step in meeting the expectations of today's discerning shoppers.

Amidst the current macroeconomic uncertainties, we will adopt a prudent approach to expansion while continuing to fine-tune our operations and maintain steady progress in our established core markets. We are confident in our ability to not only adapt to changes but also to seize the opportunities they represent.

FINANCIAL REVIEW

GSP and total operating revenues

The Group recorded total GSP (inclusive of value-added tax) of RMB3,532.4 million or RMB3,206.8 million (net of value-added tax) in 1H2026, representing a decrease of 15.0% as compared to the same period of last year. The decline in GSP was primarily due to structural shifts in consumer spending content and patterns, coupled with the ongoing transition of certain stores from traditional department store formats to shopping mall formats. SSS decreased by 13.5% in 1H2026 as compared to the same period of last year.

Total merchandise sales

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

	For the six months ended 30 June				
	2026		2025		Year-on-year
	RMB'000	***% of total***	*RMB'000*	*% of total*	**change (%)**
Concessionaire sales	**1,716,749**	**68.5%**	2,098,512	70.3%	(18.2%)
Direct sales	**787,969**	**31.5%**	884,586	29.7%	(10.9%)
	2,504,718	**100.0%**	2,983,098	100.0%	(16.0%)

Concessionaire sales which constituted 68.5% of the Group's total merchandise sales in 1H2026, decreased by 18.2% as compared to the same period of last year; while direct sales decreased by 10.9% as compared to the same period of last year. The Group's sales in 1H2026 decreased across both concessionaire sales and direct sales as compared to 1H2025.

Merchandise gross margin

The Group's merchandise gross margin, a combination of concessionaire commission rate and the direct sales margin, increased from 13.6% in 1H2025 to 13.9% in 1H2026.

Total operating revenues

Total operating revenues of the Group decreased by 11.4% to RMB1,738.5 million in 1H2026 as compared to RMB1,962.8 million in 1H2025. The decrease in total operating revenues was mainly due to overall decrease in direct sales, commissions from concessionaire sales, rental income and other income and offset by the increase in revenue from credit services.

The revenue from contracts with customers which constituted 59.7% of our total operating revenues in 1H2026, decreased by RMB142.7 million or 12.1% as compared to the same period of last year. The revenue from contracts with customers consists of sale of goods from direct sales, commissions from concessionaire sales and consultancy and management service fees.

Operating Expenses

Purchases of goods and changes in inventories

Purchases of goods and changes in inventories represent the cost of sales for direct sales. Cost of sales decreased by RMB84.8 million or 11.0% from RMB773.5 million in 1H2025 to RMB688.7 million in 1H2026. The decreased in purchases of goods and changes in inventories is consistent with the decreased in sale of goods from direct sales.

Staff costs

Staff costs decreased by RMB39.1 million or 15.5% from RMB252.8 million in 1H2025 to RMB213.7 million in 1H2026. The decrease was mainly due to closure of underperforming stores in year 2025 and cost controlling in 1H2026. On a same store basis, staff costs decreased by 7.5% in 1H2026.

Staff costs as a percentage of GSP remain consistent as 6.7% in 1H2025 and 1H2026.

Depreciation and amortisation

Depreciation and amortisation decreased by 10.8% from RMB241.1 million in 1H2025 to RMB215.0 million in 1H2026. The decrease was mainly due to decrease in depreciation expenses on right-of-use assets of the property as a result of closure of underperforming stores in year 2025. In 1H2026, depreciation expenses on right-of-use assets for property of RMB131.7 million was recognised as compared to RMB151.7 million in 1H2025. On a same store basis, depreciation and amortisation decreased by 0.5% in 1H2026.

Depreciation and amortisation as a percentage of GSP increased from 6.4% in 1H2025 to 6.7% in 1H2026.

Rental expenses

Rental expenses decreased by RMB1.6 million or 4.3% from RMB37.5 million in 1H2025 to RMB35.9 million in 1H2026. The decrease was mainly due to closure of underperforming stores. On a same store basis, rental expenses increased by 2.3% in 1H2026.

Rental expenses as a percentage of GSP increased from 1.0% in 1H2025 to 1.1% in 1H2026.

Other operating expenses

Other operating expenses which consist primarily of (a) utilities cost; (b) marketing, promotional and selling expenses; (c) property management expenses; (d) general administrative expenses; and (e) city development and educational surcharge, decreased by 12.6% from RMB400.3 million in 1H2025 to RMB349.9 million in 1H2026. The decrease in other operating expenses was mainly due to closure of underperforming stores in year 2025. In addition, impairment allowance of RMB67.2 million was provided in 1H2026 where RMB81.5 million was provided in 1H2025. On a same store basis, other operating expense decreased by 13.7% in 1H2026.

Other operating expenses as a percentage of GSP increased from 10.6% in 1H2025 to 10.9% in 1H2026.

Profit from operations

The Group generated profit from operations of RMB235.4 million in 1H2026, a decrease of RMB22.2 million or 8.6% as compared to RMB257.6 million recorded in 1H2025.

Profit from operations as a percentage of GSP increased from 6.8% in 1H2025 to 7.3% in 1H2026.

Finance income/(costs)

The Group incurred net finance costs of RMB194.5 million in 1H2026 which represented a decrease of RMB12.4 million or 6.0% compared to RMB206.9 million 1H2025. The decrease in finance cost mainly resulted from the decrease in interest expense on lease liabilities due to closure of underperforming stores in year 2025.

For interest expense on the lease liabilities, RMB134.9 million was recognised in finance cost in 1H2026 as compared to RMB147.5 million in 1H2025. For interest income on the net investments in subleases, RMB2.2 million was recognised in finance income in 1H2026 as compared to RMB5.4 million in 1H2025.

Share of profits of associates

The share of profits of associates was RMB10.0 million in 1H2026 and RMB9.4 million in 1H2025.

Profit before tax

Profit before tax is RMB51.0 million in 1H2026 and RMB60.2 million in 1H2025.

Profit before tax as a percentage of GSP remain consistent as 1.6% in 1H2025 and 1H2026.

Income tax expense

Income tax expense decreased by RMB11.4 million or 29.1% from RMB39.2 million in 1H2025 to RMB27.8 million in 1H2026.

Profit for the period

The Group recorded profit for the period of RMB23.2 million in 1H2026 and RMB20.9 million in 1H2025.

Profit attributable to owners of the Company

The Group recorded profit attributable to owners of the Company amounted to RMB23.0 million in 1H2026 and RMB22.5 million recorded in 1H2025.

Liquidity and financial resources

As at 30 June 2026, the Group had cash and bank balances of RMB1,309.9 million (31 December 2025: RMB1,457.2 million), time deposits of RMB71.3 million (31 December 2025: RMB46.6 million), financial assets at fair value through profit or loss of RMB65.0 million (31 December 2025: RMB77.2 million) and restricted cash of RMB59.1 million (31 December 2025: RMB60.7 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 26.0% as at 30 June 2026 (31 December 2025: 26.4%).

Current assets and net assets

The Group's current assets as at 30 June 2026 was RMB2,665.7 million. Net assets of the Group as at 30 June 2026 was RMB2,885.4 million.

Information on the financial products

Financial assets at fair value through profit or loss refer to the non-principal preservation type wealth management products subscribed by the Group from licensed banks operate in the PRC. As at 30 June 2026, the fair value of these products was RMB65.0 million, accounting for approximately 0.6% of the total assets of the Group.

Pledge of assets

As at 30 June 2026, the Group has pledged trade receivables of RMB638.1 million, pledged buildings, investment properties and leasehold land with a net carrying amount of approximately RMB1,259.5 million, RMB492.2 million and RMB286.4 million, respectively, to secure the general bank loans. The Group has pledged unrealised receivables of RMB153.8 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.

Other than the aforesaid, no other assets are pledged to any bank or lender.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

During the six months ended 30 June 2026, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed securities.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2026, the Company has fully complied with the Corporate Governance Code (the "CG Code") (to the extent that such provisions are applicable) as set out in Appendix C1 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

MODEL CODE FOR DIRECTORS’ SECURITIES TRANSACTIONS

The Company had adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 of the Listing Rules (the “Model Code”) as its code of conduct regarding Directors’ securities transaction. Having made specific enquiry to all Directors, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the six months ended 30 June 2026.

AUDIT COMMITTEE

The Audit Committee (the “Committee”) has been established by the Company to review the financial reporting matters, internal control and maintain an appropriate relationship with the Company’s external auditor. The Committee has reviewed the Group’s unaudited condensed consolidated financial statements for the six months ended 30 June 2026, including the accounting principles and policies adopted by the Group. The Committee comprises the non-executive director and three independent non-executive directors of the Company, one of whom who has appropriate professional qualification and experience in financial matters as required by the Listing Rules.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This announcement will be published on the websites of the Hong Kong Exchanges and Clearing Limited and of the Company. The interim report for the six months ended 30 June 2026 containing all the information required by Appendix D2 to the Listing Rules will be despatched to shareholders and published on the websites of the Hong Kong Exchanges and Clearing Limited and of the Company in due course.

ACKNOWLEDGEMENT

I would like to thank the Board, management and all our staff for their hard work and dedication. I would also like to thank the shareholders and business associates for their strong support to the Group.

On behalf of the Board
Parkson Retail Group Limited
Tan Sri Cheng Heng Jem
Executive Director & Chairman

20 August 2026

As at the date of this announcement, the Executive Directors of the Company are Tan Sri Cheng Heng Jem and Ms. Juliana Cheng San San, the Non-executive Director of the Company is Dato' Sri Dr. Hou Kok Chung and the Independent Non-executive Directors of the Company are Dato' Fu Ah Kiow, Mr. Yau Ming Kim, Robert and Datuk Koong Lin Loong.