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PARKSON RETAIL GROUP LIMITED

百盛商業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 3368)

UNAUDITED QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 30 SEPTEMBER 2006

The board of Directors (the “Board”) of Parkson Retail Group Limited (the “Company”) is pleased to announce the unaudited consolidated results of the Company and its subsidiaries together with its jointly-controlled entities and an associate (hereinafter collectively referred to as the “Group”) for the quarter ended 30 September 2006.

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

HIGHLIGHTS

Operating revenue increased to RMB525.8 million, an improvement of 105.0% from the same quarter of last year.

Year to date operating revenue increased to RMB1,468.4 million, an improvement of 92.8% from the corresponding period of last year.

Profit attributable to the Company increased to RMB104.0 million, an improvement of 115.2% from the same quarter of last year.

Year to date profit attributable to the Company increased to RMB300.2 million, an improvement of 93.9% from the corresponding period of last year.

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING	CURRENT	PRECEDING
	YEAR	YEAR	NINE	YEAR
	CORRESPONDING	CORRESPONDING	MONTHS	CORRESPONDING
QUARTER	QUARTER	YEAR TO	NINE MONTHS	
30/09/2006	30/09/2005	DATE	YEAR TO DATE	
<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	
Revenues	473,067	235,984	1,326,156	706,953
Other operating revenues	<u>52,775</u>	<u>20,528</u>	<u>142,223</u>	<u>54,521</u>
Total operating revenues	<u>525,842</u>	<u>256,512</u>	<u>1,468,379</u>	<u>761,474</u>
Operating expenses				
Purchase of goods and changes in inventories	160,598	77,084	445,309	231,697
Staff costs	49,039	25,247	135,936	70,441
Depreciation and amortisation	21,663	12,598	60,946	41,580
Rental expenses	57,522	26,652	155,901	61,986
Other operating expenses	<u>80,211</u>	<u>38,356</u>	<u>209,402</u>	<u>112,004</u>
Total operating expenses	<u>369,033</u>	<u>179,937</u>	<u>1,007,494</u>	<u>517,708</u>
Profit from operations	156,809	76,575	460,885	243,766
Finance income	5,386	(627)	27,171	3,240
Share of profit from associate	<u>165</u>	<u>156</u>	<u>424</u>	<u>387</u>
Profit from operations before income tax	162,360	76,104	488,480	247,393
Income tax	<u>49,369</u>	<u>23,406</u>	<u>152,519</u>	<u>79,224</u>
Net profit for the year	<u><u>112,991</u></u>	<u><u>52,698</u></u>	<u><u>335,961</u></u>	<u><u>168,169</u></u>
Attributable to:				
Equity shareholders of the parent	103,959	48,309	300,166	154,820
Minority interest	9,032	4,389	35,795	13,349

The comparative figures presented for the quarter to 30 September 2005 and the comparative figures presented for nine months year to date 30 September 2005 was based on the structure of the Group prior to the completion of the group reorganisation (the "Reorganisation") to rationalise the structure of the Group in preparation for the listing of the Company's Shares on the Stock Exchange of Hong Kong Limited. Please refer to the Company's Prospectus dated 17 November 2005 for details of the Reorganisation.

UNAUDITED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 30/09/2006 <i>RMB'000</i>	AS AT END OF 30/06/2006 <i>RMB'000</i>
Non-current assets		
Property, plant and equipment	681,860	560,367
Intangible assets	550,714	81,864
Lease prepayments	69,246	47,643
Investment properties	29,277	16,728
Investment in associate	2,100	1,935
Other financial assets	119,266	278,620
Deferred tax assets	<u>44,340</u>	<u>34,945</u>
Total non-current assets	<u>1,496,803</u>	<u>1,022,102</u>
Current assets		
Inventories	97,720	71,172
Trade receivable	18,502	18,568
Prepayments, deposits and other receivables	233,179	211,422
Cash and cash equivalent	<u>1,609,091</u>	<u>1,718,008</u>
Total current assets	<u>1,958,492</u>	<u>2,019,170</u>
Current liabilities		
Interest-bearing bank loan	178,738	132,701
Trade payables	610,174	460,385
Customer's deposits, other payable and accruals	422,405	282,640
Tax payable	<u>82,208</u>	<u>62,289</u>
Total current liabilities	<u>1,293,525</u>	<u>938,015</u>
Net current assets	<u>664,967</u>	<u>1,081,155</u>
Total assets less current liabilities	<u>2,161,770</u>	<u>2,103,257</u>
Non-current liabilities		
Interest-bearing bank loan	115,929	69,833
Long term payable	88,629	79,321
Deferred tax liabilities	<u>47,618</u>	<u>48,280</u>
Total non-current liabilities	<u>252,176</u>	<u>197,434</u>
Net assets	<u>1,909,594</u>	<u>1,905,823</u>
Equity		
Equity attributable to equity holders of the parent		
Issued capital	57,436	57,436
Reserves	1,779,237	1,766,009
Minority interests	<u>72,921</u>	<u>82,378</u>
Total owner's equity	<u>1,909,594</u>	<u>1,905,823</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	PRC reserve funds RMB'000	Exchange reserve RMB'000	Contribution from owner and retained earnings RMB'000	Total RMB'000	Minority RMB'000	Total equity RMB'000
At 1 January 2005	—	—	—	24,289	19,201	612,493	655,983	66,317	722,300
Changes in Exchange reserve	—	—	—	—	(3,741)	—	(3,741)	—	(3,741)
Total income and expense for the year recognised directly in equity	—	—	—	—	(3,741)	—	(3,741)	—	(3,741)
Net Profit for the year	—	—	—	—	—	248,012	248,012	26,312	274,324
Total income and expense for the year	—	—	—	—	(3,741)	248,012	244,271	26,312	270,583
Equity transactions with the owner	—	—	—	—	—	3,785	3,785	—	3,785
Contribution from owner	—	—	—	—	—	20,223	20,223	—	20,223
Share issued for Reorganisation	8,335	—	154,442	—	—	(162,777)	—	—	—
Issue of new shares upon listing	11,487	1,114,251	—	—	—	—	1,125,738	—	1,125,738
Share premium transfer to share capital	37,614	(37,614)	—	—	—	—	—	—	—
Share issue expenses	—	(51,673)	—	—	—	—	(51,673)	—	(51,673)
Transfer to the PRC reserve funds	—	—	—	19,667	—	(19,667)	—	—	—
Acquisitions	—	—	—	—	—	—	—	11,847	11,847
Appropriations to owners	—	—	—	—	—	(217,447)	(217,447)	(12,030)	(229,477)
At 31 December 2005	57,436	1,024,964	154,442	43,956	15,460	484,622	1,789,880	92,446	1,873,326
Changes in Exchange reserve for the period	—	(761)	—	—	(7,724)	—	(8,485)	—	(8,485)
Net Profit for the year	—	—	—	—	—	196,207	196,207	26,762	222,969
Total income and expense for the period	—	(761)	—	—	(7,724)	196,207	187,722	26,762	214,484
Transfer to the PRC reserve funds	—	—	—	12,427	—	(12,427)	—	—	—
Adjustment to share issue costs	—	(1,637)	—	—	—	—	(1,637)	—	(1,637)
Appropriations to owners	—	(143,520)	—	—	—	—	(143,520)	(36,830)	(180,350)
At 30 June 2006	<u>57,436</u>	<u>879,046</u>	<u>154,442</u>	<u>56,383</u>	<u>7,736</u>	<u>668,402</u>	<u>1,823,445</u>	<u>82,378</u>	<u>1,905,823</u>
Changes in Exchange reserve for the period	—	(1,897)	—	—	(6,257)	—	(8,154)	—	(8,154)
Net profit for the period	—	—	—	—	—	103,959	103,959	9,032	112,991
Total income and expense for the period	—	(1,897)	—	—	(6,257)	103,959	95,805	9,032	104,837
Transfer to the PRC reserve funds	—	—	—	2,360	—	(1,416)	944	(944)	—
Appropriation to owners	—	(83,521)	—	—	—	—	(83,521)	(17,545)	(101,066)
At 30 September 2006	<u>57,436</u>	<u>793,628</u>	<u>154,442</u>	<u>58,743</u>	<u>1,479</u>	<u>770,945</u>	<u>1,836,673</u>	<u>72,921</u>	<u>1,909,594</u>

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	Quarter ended 30/09/2006 <i>RMB'000</i>
Operating activities	
Profit before taxation	162,360
Adjustment for non cash items	
- depreciation	21,663
- interest income	(11,831)
- interest expenses	5,868
- share of profit of an associate	(165)
- exchange losses	<u>577</u>
Operating profit before changes in working capital	178,472
Changes in working capital	
Net changes in current assets	(9,917)
Net changes in trade payables	46,106
Net changes in customer's deposits, other payable and accruals	53,817
Net changes in long term payable	2,113
Tax paid	(43,664)
Interest paid	<u>(6,445)</u>
	<u>220,482</u>
Investing activities	
Purchase of property, plant and equipment	(14,572)
Paid for a business combination transaction	(209,014)
Dividend & interests received	<u>11,831</u>
	<u>(211,755)</u>
Financing activities	
Bank borrowings	(8,425)
Dividend paid	<u>(101,066)</u>
	<u>(109,491)</u>
Net changes in cash & cash equivalents	
Effects of exchange rate changes	(100,763)
Cash & cash equivalents at beginning of the period	<u>(8,154)</u>
Cash & cash equivalents at end of the period	<u>1,718,008</u>
	<u><u>1,609,091</u></u>

By Order of the Board
PARKSON RETAIL GROUP LIMITED
Cheng Yoong Choong
Managing Director

Hong Kong, 22 November 2006

As at the date of this announcement, Mr CHENG Yoong Choong and Mr CHEW Fook Seng are the executive directors of the Company, Tan Sri CHENG Heng Jem is the non-executive director of the Company and Mr STUDER Werner Josef and Mr KO Tak Fai, Desmond are the independent non-executive directors of the Company.

Please also refer to the published version of this announcement in South China Morning Post.