



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)

**UNAUDITED QUARTERLY RESULTS
FOR THE THREE MONTHS ENDED 31 MARCH 2006
AND
CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

**UNAUDITED QUARTERLY RESULTS FOR THE THREE MONTHS ENDED 31
MARCH 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 31 March 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 for the quarter increased to RMB490.5 million, an increase of 84.1%.
- Net profit attributable to the Group for the quarter increased to RMB103.2 million, an increase of 61.9%.

Unaudited Condensed Consolidated Income Statement for the Quarter ended 31 March 2006

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR QUARTER 31/03/2006 RMB'000	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2005 RMB'000	CURRENT YEAR TO DATE 31/03/2006 RMB'000	PRECEDING YEAR CORRESPONDING YEAR TO DATE 31/03/2005 RMB'000
Operating revenues	490,525	266,393	490,525	266,393
Operating expenses				
Purchase of goods and changes in inventories	159,328	86,548	159,328	86,548
Staff costs	45,557	22,014	45,557	22,014
Depreciation and amortisation	14,831	13,909	14,831	13,909
Rental expenses	55,298	18,671	55,298	18,671
Other operating expenses	<u>57,891</u>	<u>31,949</u>	<u>57,891</u>	<u>31,949</u>
Total operating expenses	<u>332,905</u>	<u>173,091</u>	<u>332,905</u>	<u>173,091</u>
Profit from operations	157,620	93,302	157,620	93,302
Finance income	9,446	6,611	9,446	6,611
Share of profit from associate	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Profit from operations before income tax	167,066	99,914	167,066	99,914
Income tax	<u>49,855</u>	<u>29,859</u>	<u>49,855</u>	<u>29,859</u>
Net profit for the year	<u><u>117,211</u></u>	<u><u>70,055</u></u>	<u><u>117,211</u></u>	<u><u>70,055</u></u>
Attributable to:				
Equity shareholders of the parent	103,185	63,752	103,185	63,752
Minority interest	14,026	6,303	14,026	6,303

The comparative figures presented for the quarter to 31 March 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 Condensed Consolidated Balance Sheet as at 31 March 2006

	AS AT END OF CURRENT QUARTER 31/03/2006 RMB'000	AS AT PRECEDING FINANCIAL YEAR END 31/12/2005 RMB'000
Non-current assets		
Property, plant and equipment	570,286	581,535
Intangible assets	81,845	82,191
Lease prepayments	48,355	49,066
Investment properties	17,061	17,394
Investment in associate	2,120	2,120
Other financial assets	71,919	72,629
Deferred tax assets	32,796	32,789
Total non-current assets	824,382	837,724
Current assets		
Inventories	73,624	80,938
Trade receivable	11,050	16,737
Investment	—	1,842
Prepayments, deposits and other receivables	269,159	233,250
Due from related parties	—	—
Cash and cash equivalent	2,058,806	2,080,407
Total current assets	2,412,639	2,413,174
Current liabilities		
Interest-bearing bank loan	122,306	154,856
Trade payables	509,661	569,003
Customer's deposits, Other payable and accruals	335,154	355,448
Tax payable	102,846	94,629
Due to related parties	—	—
Total current liabilities	1,069,967	1,173,936
Net current assets	1,342,672	1,239,238
Total assets less current liabilities	2,167,054	2,076,962
Non-current liabilities		
Interest-bearing bank loan	74,945	79,446
Long term payable	77,820	77,895
Deferred tax liabilities	47,618	46,295
Total non-current liabilities	200,383	203,636
Net assets	1,966,671	1,873,326
Equity		
Equity attributable to equity holders of the parent		
Issued capital	57,436	57,436
Reserves	1,820,485	1,723,444
Minority interests	88,750	92,446
Total owner's equity	1,966,671	1,873,326

Unaudited Condensed Consolidated Statement of Changes in Equity for the Quarter ended 31 March 2006

	Share Capital <i>RMB'000</i>	Share Premium <i>RMB'000</i>	Contributed surplus <i>RMB'000</i>	PRC reserve funds <i>RMB'000</i>	Exchange reserve <i>RMB'000</i>	Contribution from owner and retained earnings <i>RMB'000</i>	Total <i>RMB'000</i>	Minority <i>RMB'000</i>	Total equity <i>RMB'000</i>
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)	—	718,559
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
Appropriation 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	1,780,880	92,446	1,873,326
Changes in exchange reserve for the period	—	—	—	—	(6,143)	—	(6,143)	—	(6,143)
Net profit for the period	—	—	—	—	—	103,185	103,185	14,026	117,211
Total income and expense for the period	—	—	—	—	(6,143)	103,185	97,042	14,026	111,068
Transfer to the PRC reserve funds	—	—	—	1,467	—	(1,467)	—	—	—
Contribution from owner	—	—	—	—	—	—	—	—	—
Appropriation to owners	—	—	—	—	—	—	—	(17,722)	(17,722)
At 31 March 2006	<u>57,436</u>	<u>1,024,964</u>	<u>154,442</u>	<u>45,423</u>	<u>9,317</u>	<u>586,340</u>	<u>1,877,922</u>	<u>88,750</u>	<u>1,966,671</u>

**Unaudited Condensed Consolidated Cash Flow Statements for the Quarter ended 31
March 2006**

	RMB'000
Operating activities	
Profit before taxation	167,066
Adjustment for non cash items	
- depreciation	14,831
- amortization of intangible assets	<u>1,056</u>
Operating profit before changes in working capital	182,953
Changes in working capital	
Net changes in current assets	-21,067
Net changes in Trade payables	-59,342
Net changes in Customer's deposits, Other payable and accruals	-20,293
Net changes in Long term payable	-75
Tax paid	<u>-40,322</u>
	<u>-141,100</u>
Investing activities	
Purchase of property, plant and equipment	<u>-2,539</u>
	<u>-2,539</u>
Financing activities	
Bank borrowings	-37,051
Others	<u>—</u>
	<u>-37,051</u>
Net changes in cash & cash equivalents	2,264
Effects of exchange rate changes	-6,143
Dividend paid to Minority Interest	-17,722
Cash & Cash equivalents at beginning of the period	<u>2,080,407</u>
Cash & Cash equivalents at end of the period	<u>2,058,806</u>

CHANGE OF PRINCIPAL PLACE OF BUSINESS IN HONG KONG

The Board announces that the Company's principal place of business in Hong Kong has changed to Suite 1316, Prince's Building, 10 Chater Road, Central, Hong Kong with effect from 22 May 2006.

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

Hong Kong, 22 May 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 FONG Ching Eddy, 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.