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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 31 MARCH 2008**

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 2008.

The unaudited quarterly results of the Group are released in conjunction with the announcement of the quarterly results of Parkson Holdings Berhad, the holding company of the Company in Malaysia pursuant to the Bursa Malaysia Securities Berhad 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

Gross sales proceeds increased by 25.5% to RMB2,830.5 million.

Operating revenues improved to RMB950.5 million, an increase of 22.6%.

Profit from operations posted a strong growth of 27.6% to RMB323.2 million.

Net profit attributable to the Group surged to RMB225.2 million, an increase of 40.3%.

Earnings per share was RMB0.4064, an improvement of 40.0%

UNAUDITED CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT YEAR CORRESPONDING QUARTER 31/03/2008 <i>RMB '000</i>	PRECEDING YEAR CORRESPONDING QUARTER 31/03/2007 <i>RMB '000</i>	CURRENT YEAR THREE MONTHS TO DATE 31/03/2008 <i>RMB '000</i>	PRECEDING YEAR CORRESPONDING THRE MONTHS YEAR TO DATE 31/03/2007 <i>RMB '000</i>
Gross sales proceeds	2,830,542	2,255,324	2,830,542	2,255,324
Operating revenues	950,500	775,364	950,500	775,364
Operating expenses				
Purchase of goods and changes in inventories	282,164	233,210	282,164	233,210
Staff costs	78,115	76,398	78,115	76,398
Depreciation and amortisation	36,155	24,956	36,155	24,956
Rental expenses	91,394	75,782	91,394	75,782
Other operating expenses	139,428	111,647	139,428	111,647
Total operating expenses	627,256	521,993	627,256	521,993
Profit from operations	323,244	253,371	323,244	253,371
Finance income / (finance cost)	(20,123)	(20,200)	(20,123)	(20,200)
Share of profit from associate	389	25	389	25
Profit from operations before income tax	303,510	233,196	303,510	233,196
Income tax	66,291	53,041	66,291	53,041
Net profit for the period	237,219	180,155	237,219	180,155
Attributable to:				
Equity holders of the parent	225,162	160,477	225,162	160,477
Minority interest	12,057	19,678	12,057	19,678

UNAUDITED CONSOLIDATED BALANCE SHEET

	AS AT END OF CURRENT QUARTER 31/03/2008 <i>(Unaudited)</i> RMB'000	AS AT END OF 31/12/2007 <i>(Audited)</i> RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,219,065	818,705
Investment properties	220,788	222,104
Lease prepayments	451,293	420,470
Intangible assets	1,561,876	1,562,040
Investment in an associate	2,734	2,346
Investment deposit	—	40,000
Other assets	244,870	248,477
Held-to-maturity investments	1,403,800	1,460,920
Deferred tax assets	40,139	34,971
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Total non-current assets	5,144,565	4,810,033
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CURRENT ASSETS		
Inventories	141,171	143,940
Trade receivables	25,241	18,974
Prepayments, deposits and other receivables	375,735	374,852
Short term investment deposits	909,300	781,450
Cash and short term deposits	2,494,898	2,860,216
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Total current assets	3,946,345	4,179,432
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CURRENT LIABILITIES		
Interest-bearing bank loans	—	—
Trade payables	(1,076,321)	(1,144,716)
Customers' deposits, other payables and accruals	(744,444)	(735,720)
Tax payable	(111,950)	(123,129)
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Total current liabilities	(1,932,715)	(2,003,565)
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NET CURRENT ASSETS	2,013,630	2,175,867
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TOTAL ASSETS LESS CURRENT LIABILITIES	7,158,195	6,985,900
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	AS AT END OF CURRENT QUARTER 31/03/2008 (Unaudited) RMB'000	AS AT END OF 31/12/2007 (Audited) RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing bank loans	(1,417,000)	(1,417,000)
Long term payables	(96,036)	(95,628)
Deferred tax liabilities	(184,280)	(184,711)
Senior guaranteed notes	(1,380,339)	(1,435,118)
Senior notes	(862,887)	(897,179)
Derivative financial instruments designated as hedging instruments	(97,366)	(88,189)
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Total non-current liabilities	(4,037,908)	(4,117,825)
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NET ASSETS	<u>3,120,287</u>	<u>2,868,075</u>
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	57,939	57,925
Reserves	2,976,433	2,731,126
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Minority interests	3,034,372	2,789,051
	85,915	79,024
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TOTAL EQUITY	<u>3,120,287</u>	<u>2,868,075</u>

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the three-month period ended 31 March 2008

	Issued share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	Attributable to equity holders of the parent					Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
				PRC reserve funds RMB'000	Exchange reserve RMB'000	Hedging reserve RMB'000	Share option reserve RMB'000	Assets revaluation reserve RMB'000				
At 1 January 2008	57,925	724,099	154,442	149,193	(34,211)	(44,634)	14,679	251,412	1,516,146	2,789,051	79,024	2,868,075
Net losses on cash flow hedges	—	—	—	—	—	(9,177)	—	—	—	(9,177)	—	(9,177)
Exchange realignment	—	—	—	—	24,074	—	—	—	—	24,074	—	24,074
Total income and expense for the period recognised directly in equity	—	—	—	—	24,074	(9,177)	—	—	—	14,897	—	14,897
Profit for the period	—	—	—	—	—	—	—	—	225,162	225,162	12,057	237,219
Total income and expense for the period	—	—	—	—	24,074	(9,177)	—	—	225,162	240,059	12,057	252,116
Transfer to the PRC reserve funds	—	—	—	(25,556)	—	—	—	—	25,556	—	—	—
Increase in capital	—	—	—	—	—	—	—	—	—	—	560	560
Employee share options exercised	14	5,545	—	—	—	—	(297)	—	—	5,262	—	5,262
Dividends of subsidiaries	—	—	—	—	—	—	—	—	—	—	(5,726)	(5,726)
At 31 March 2008 (Unaudited)	57,939	729,644*	154,442*	123,637*	(10,137)*	(53,811)*	14,382*	251,412*	1,766,864*	3,034,372	85,915	3,120,287

* These reserve accounts as at 31 March 2008 comprise the consolidated reserves of RMB2,976,433,000 in the interim condensed consolidated balance sheet for the three-month period ended 31 March 2008.

For the three-month period ended 31 March 2007

	Attributable to equity holders of the parent										
	Issued share capital RMB'000	Share premium RMB'000	Contributed surplus RMB'000	PRC reserve funds RMB'000	Exchange reserve RMB'000	Share option reserve RMB'000	Assets revaluation reserve RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interests RMB'000	Total equity RMB'000
At 1 January 2007	57,436	798,644	154,442	87,320	3,481	—	224,245	902,019	2,227,587	91,896	2,319,483
Exchange realignment	—	—	—	—	(3,691)	—	—	—	(3,691)	—	(3,691)
Total income and expense for the period recognised directly in equity	—	—	—	—	(3,691)	—	—	—	(3,691)	—	(3,691)
Profit for the period	—	—	—	—	—	—	—	160,477	160,477	19,678	180,155
Total income and expense for the period	—	—	—	—	(3,691)	—	—	160,477	156,786	19,678	176,464
Transfer to the PRC reserve funds	—	—	—	207	—	—	—	(207)	—	—	—
Equity-settled share option arrangements	—	—	—	—	—	12,693	—	—	12,693	—	12,693
Employee share options exercised	9	3,622	—	—	—	(202)	—	—	3,429	—	3,429
Dividends of subsidiaries	—	—	—	—	—	—	—	—	—	(24,588)	(24,588)
At 31 March 2007 (Unaudited)	57,445	802,266	154,442	87,527	(210)	12,491	224,245	1,062,289	2,400,495	86,986	2,487,481

UNAUDITED CONSOLIDATED CASH FLOW STATEMENT

	For the three-month period ended 31 March	
	2008	2007
	(Unaudited)	(Unaudited)
	RMB'000	RMB'000
Net cash inflow from operating activities	199,527	119,357
Net cash outflow from investing activities	(562,481)	(157,019)
Net cash inflow from financing activities	6,105	(163,072)
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Net decrease in cash and cash short term deposits	(356,849)	(200,734)
Cash and short term deposits at beginning of period	2,860,216	3,271,366
Exchange differences	(8,469)	(3,691)
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Cash and short term deposits at end of period	<u>2,494,898</u>	<u>3,066,941</u>

Acknowledgement

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

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

Hong Kong, 23 May 2008

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 YAU Ming Kim, Robert, Mr STUDER Werner Josef and Mr KO Tak Fai, Desmond are the independent non-executive directors of the Company.