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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 2009

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 2009.

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 for the quarter increased to RMB3,424.1 million, an increase of 21.0% from the same quarter of last year.

Operating revenue for the quarter increased to RMB1,060.0 million, an increase of 11.5% from the same quarter of last year.

Profit from operations for the quarter increased to RMB365.5 million, an increase of 13.1% from the same quarter of last year.

Profit attributable to our shareholders for the quarter increased to RMB258.7 million, improved by 14.9% from the same quarter of last year.

Same Store Sales ⁽¹⁾ (“SSS”) growth was 9.0%

(1) Year on year change in total gross sales proceeds for stores in operation throughout the current year and the immediate preceding year.

UNAUDITED CONSOLIDATED INCOME STATEMENT FOR

	Current Quarter to 31 March			Year to Date to 31 March		
	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>	Variance	2009 <i>RMB'000</i>	2008 <i>RMB'000</i>	Variance
Gross Sales Proceeds	3,424,058	2,830,542	21.0%	3,424,058	2,830,542	21.0%
Revenues	946,484	853,854	10.8%	946,484	853,854	10.8%
Other operating revenues	113,557	96,646	17.5%	113,557	96,646	17.5%
Total operating revenues	1,060,041	950,500	11.5%	1,060,041	950,500	11.5%
Operating expenses						
Purchases of goods and changes in inventories	308,088	282,164	9.2%	308,088	282,164	9.2%
Staff costs	72,498	78,115	(7.2%)	72,498	78,115	(7.2%)
Depreciation and amortisation	40,498	36,155	12.0%	40,498	36,155	12.0%
Rental expenses	121,210	91,394	32.6%	121,210	91,394	32.6%
Other operating expenses	152,200	139,428	9.2%	152,200	139,428	9.2%
Total operating expenses	694,494	627,256	10.7%	694,494	627,256	10.7%
Profit / (Loss) from operations	365,547	323,244	13.1%	365,547	323,244	13.1%
Finance income / (costs), net	(22,848)	(20,123)	13.5%	(22,848)	(20,123)	13.5%
Share of profit from an associate	289	389	(25.6%)	289	389	(25.6%)
Profit from operations before income tax	342,988	303,510	13.0%	342,988	303,510	13.0%
Income tax	76,158	66,291	14.9%	76,158	66,291	14.9%
Net profit for the period	266,830	237,219	12.5%	266,830	237,219	12.5%
Attributable to:						
Equity holders of the parent	258,681	225,162	14.9%	258,681	225,162	14.9%
Minority interests	8,149	12,057	(32.4%)	8,149	12,057	(32.4%)

UNAUDITED CONSOLIDATED BALANCE SHEET AS AT

	31/03/2009	31/12/2008
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Property, plant and equipment	1,289,944	1,306,004
Investment properties	215,524	216,840
Lease prepayments	406,620	409,390
Intangible assets	2,101,832	2,101,998
Investment in an associate	2,789	2,500
Other assets	102,529	106,137
Held-to-maturity Investment, unlisted	1,367,180	1,366,920
Deferred tax assets	40,799	41,902
TOTAL NON-CURRENT ASSETS	5,527,217	5,551,691
CURRENT ASSETS		
Inventories	174,364	187,890
Trade receivables	29,767	20,959
Prepayments, deposits and other receivables	1,086,605	424,562
Investment in principal guaranteed deposits	478,250	617,540
Cash and short term deposits	2,746,962	3,031,474
TOTAL CURRENT ASSETS	4,515,948	4,282,425
CURRENT LIABILITIES		
Trade payables	(1,245,635)	(1,325,758)
Customers' deposits, other payables and accruals	(1,043,712)	(991,452)
Tax payable	(97,534)	(91,183)
TOTAL CURRENT LIABILITIES	(2,386,881)	(2,408,393)
NET CURRENT ASSETS	2,129,067	1,874,032
TOTAL ASSETS LESS CURRENT LIABILITIES	7,656,284	7,425,723

	31/03/2009	31/12/2008
	RMB'000	RMB'000
NON-CURRENT LIABILITIES		
Interest-bearing loans and borrowings	(1,303,000)	(1,333,000)
Long term payables	(99,260)	(97,236)
Deferred tax liabilities	(243,100)	(246,186)
Senior guaranteed notes Nov 2011	(1,350,028)	(1,348,302)
Senior guaranteed notes May 2012	(843,576)	(842,605)
Derivative financial instrument designated as hedging instrument	(31,089)	(31,089)
TOTAL NON-CURRENT LIABILITIES	(3,870,053)	(3,898,418)
NET ASSETS	3,786,231	3,527,305
EQUITY		
Equity attributable to equity holders of the parent		
Issued capital	58,134	58,133
Reserves	3,647,127	3,388,529
Minority interests	80,970	80,643
TOTAL OWNER'S EQUITY	3,786,231	3,527,305

UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

For the quarter
ended 31/03/2009
RMB'000

Operating activities	
Profit before taxation	342,988
Adjustment for non cash items	
Share of profit of an associate	(289)
Interest income	(56,347)
Interest expenses	79,195
Depreciation and amortisation	40,498
Loss on disposal of items of property, plant and equipment	601
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Operating profit before changes in working capital	406,646
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Changes in working capital	
Decrease in inventories	13,526
Increase in trade receivables	(8,809)
Decrease in prepayment, deposits and other receivables	21,459
Decrease in trade payables	(80,123)
Decrease in Customer's deposits, Other payable and accruals	(15,893)
Decrease in Long term payable	(5,799)
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Cash generated from operating activities	331,007
Income tax paid	(71,791)
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Net cash inflow from operating activities	259,217
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Investing activities	
Proceeds from disposal of items of property, plant and equipment	3,021
Purchases of items of property, plant and equipment	(23,800)
Decrease in investment in principal guaranteed deposits	139,290
Increase in deposit for acquisition	(640,000)
Interest received	16,447
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Net cash outflow from investing activities	(505,041)
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For the quarter
ended 31/03/2009
RMB'000

Financing activities

Repayment of bank loans	(30,000)
Proceeds from issue of shares	470
Dividends of subsidiaries	(7,822)

Net cash outflow from financing activities

(37,352)

Net changes in cash & bank balance

(283,177)

Cash and bank balance at the beginning of the period

3,031,474

Effects of exchange rate changes

(1,335)

Cash and bank balance at the end of the period

2,746,962

Market and Operation Review

Despite the challenging operating environment in the first quarter of the year 2009, the Group continued to achieve solid and encouraging growth. Gross sales proceeds increased to RMB3,424.1 million representing a growth of 21.0% or RMB593.5 million from the same period of last year. The Group recorded 9.0% of SSS through aggressive and innovative sales and promotion strategies.

The Group generated total merchandise sales of RMB3,262.6 million. Concessionaire sales continued to be the key driver and contributed approximately 88.7% of the merchandise sales with the balance of 11.3% came from the direct sales. The Fashion and Apparel category made up 48.8 % of the total merchandise sales, the Cosmetics and Accessories category contributed 33.8 %, the Household and Electrical product category contributed 7.6 % and the balance of 9.8% came from the Groceries and Perishables category.

As a result of aggressive sales and promotional strategies, the gross margin for merchandise sales declined to 18.1%, a drop of 1.3% compared to 19.4% recorded in the same period of last year. Commission rate from concessionaire sales for the quarter under review came in at 18.3% and direct sales margin came in at 16.6%. In line with the Group's continuous efforts on cost control and improving operating efficiency, the operating margin as a percentage to operating revenues for the quarter improved by 0.5% to 34.5% despite a slower same store sales growth and lower merchandise sales margin compared to the same quarter of last year.

Profit from operations for the quarter increased to RMB365.5 million and profit attributable to our shareholders for the quarter increased by 14.9% to RMB258.7 million.

Outlook and strategies

The negative impacts and uncertainties from the unprecedented financial turmoil are expected to persist in the immediate future. However, the recent macro statistics released by the People's Republic of China ("PRC") are showing some encouraging signs, the Group remains confident that the operating environment should improve towards the later part of the year. While we expect the growth of our business to face short term challenges we are positive about the medium and long term outlook of the PRC economy and domestic consumption market.

In view of the short term adverse macro economic condition, other than continuing with our existing strategies of controlling our operating cost and introducing affordable quality brands and products, we will continue to introduce innovative sales and promotional strategies to increase our market share, in this respect we will continue to strike a balance between increase market share and maintaining our operating margin.

Acknowledgement

Finally, I would like to take this opportunity to thank the Board, management and all our staff for their hard works and dedication. I would also like to thank the shareholders and our loyal customers for their strong support to the Group.

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

Hong Kong, 21 May 2009

As at the date of this announcement, the Executive Directors of the Company are Mr. Cheng Yoong Choong and Mr. Chew Fook Seng, the Non-executive Director is Tan Sri Cheng Heng Jem and the Independent Non-executive Directors are Mr. YAU Ming Kim, Robert, Mr. Studer Werner Josef and Mr. Ko Tak Fai, Desmond.