

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange of Hong Kong Limited takes no responsibility for the contents of this announcement, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement*

*This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities mentioned herein..*



**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 THIRD QUARTER ENDED 30 SEPTEMBER 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 30 September 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 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**

Total gross sales proceeds (“GSP”) for the quarter increased by 18.6% to RMB2,850.1 million. Year to date gross sales proceeds increased by 17.5% to RMB8,954.0 million.

Same store sales (“SSS”) <sup>(1)</sup> growth for the quarter was 7.5%. Year to date SSS growth was 7.1%.

Total operating revenue for the quarter increased by 13.2% to RMB912.3 million. Year to date operating revenues increased by 11.8% to RMB2,865.1 million.

Total operating profit for the quarter increased by 7.4% to RMB289.2 million. Year to date operating profit increased by 12.0% to RMB967.1 million.

Profit attributable to our shareholders for the quarter increased by 5.7% to RMB201.1 million. Year to date profit attributable to our shareholders increased by 10.2% to RMB663.2 million.

*(1) Year on year change in total gross sales proceeds for stores in operation throughout the entire comparative period after adjusting for the impacts from the change of contractual relationship with certain suppliers of jewelry products and cigarette products from concessionaire contract to lease agreement.*

## UNAUDITED CONSOLIDATED INCOME STATEMENT FOR

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2009	2008	2009	2008
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Gross Sales Proceeds</b>	<b>2,850,079</b>	<b>2,403,701</b>	<b>8,954,012</b>	<b>7,621,412</b>
Revenues	810,024	720,122	2,531,898	2,277,284
Other operating revenues	102,317	85,760	333,183	285,301
<b>Total operating revenues</b>	<b>912,341</b>	<b>805,882</b>	<b>2,865,081</b>	<b>2,562,585</b>
<b>Operating expenses</b>				
Purchases of goods and changes in inventories	235,853	228,153	778,570	724,458
Staff costs	70,863	62,794	208,222	208,958
Depreciation and amortization	37,922	33,793	119,668	108,396
Rental expenses	131,178	90,403	362,511	267,574
Other operating expenses	147,279	121,304	429,030	389,911
<b>Total operating expenses</b>	<b>623,095</b>	<b>536,447</b>	<b>1,898,001</b>	<b>1,699,297</b>
<b>Profit / (Loss) from operations</b>	<b>289,246</b>	<b>269,435</b>	<b>967,080</b>	<b>863,288</b>
Finance income / (costs), net	(26,954)	(19,742)	(79,107)	(54,744)
Share of profit from an associate	48	143	489	198
<b>Profit from operations before income tax</b>	<b>262,340</b>	<b>249,836</b>	<b>888,462</b>	<b>808,742</b>
Income tax	56,982	50,826	207,249	177,533
<b>Net profit for the period</b>	<b>205,358</b>	<b>199,010</b>	<b>681,213</b>	<b>631,209</b>
<b>Attributable to:</b>				
<b>Equity holders of the parent</b>	<b>201,081</b>	<b>190,254</b>	<b>663,226</b>	<b>602,052</b>
<b>Minority interests</b>	<b>4,277</b>	<b>8,756</b>	<b>17,987</b>	<b>29,157</b>

## UNAUDITED CONSOLIDATED BALANCE SHEET

	As at <b>30 September</b> <b>2009</b> <i>RMB'000</i>	As at <b>31 December</b> <b>2008</b> <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	1,276,886	1,306,004
Investment properties	212,892	216,840
Lease prepayments	401,080	409,390
Intangible assets	2,101,561	2,101,998
Investment in an associate	2,164	2,500
Other assets	1,002,197	106,137
Held-to-maturity investments, unlisted	1,365,800	1,366,920
Deferred tax assets	45,665	41,902
Total non-current assets	6,408,245	5,551,691
<b>CURRENT ASSETS</b>		
Inventories	193,823	187,890
Trade receivables	27,855	20,959
Prepayments, deposits and other receivables	527,688	424,562
Investment in principal guaranteed deposits	638,590	617,540
Cash and short-term deposits	2,646,212	3,031,474
Total current assets	4,034,168	4,282,425
<b>CURRENT LIABILITIES</b>		
Trade payables	(1,116,122)	(1,325,758)
Customers' deposits, other payables and accruals	(1,371,162)	(991,452)
Tax payable	(86,797)	(91,183)
Total current liabilities	(2,574,081)	(2,408,393)
<b>NET CURRENT ASSETS</b>	1,460,087	1,874,032
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	7,868,332	7,425,723

	<b>As at</b> <b>30 September</b> <b>2009</b> <i>RMB'000</i>	<b>As at</b> <b>31 December</b> <b>2008</b> <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Interest-bearing bank loans	(1,303,000)	(1,333,000)
Long term payables	(103,462)	(97,236)
Deferred tax liabilities	(239,522)	(246,186)
Senior guaranteed notes due November 2011	(1,351,662)	(1,348,302)
Senior guaranteed notes due May 2012	(844,361)	(842,605)
Derivative financial instruments designated as hedging instruments	(153,756)	(31,089)
Total non-current liabilities	<u>(3,995,763)</u>	<u>(3,898,418)</u>
<b>NET ASSETS</b>	<u>3,872,569</u>	<u>3,527,305</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	58,273	58,133
Reserves	3,742,563	3,388,529
	<u>3,800,836</u>	<u>3,446,662</u>
<b>Minority interests</b>	71,733	80,643
<b>TOTAL EQUITY</b>	<u>3,872,569</u>	<u>3,527,305</u>

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

For the nine months  
ended 30/09/2009  
RMB'000

### Operating activities

Profit before taxation	888,462
Adjustment for non cash items	
Share of profit of an associate	(490)
Interest income	(153,070)
Interest expenses	232,177
Depreciation and amortisation	119,668
Exchange (gains)/losses	151
Equity-settled share option expenses	0
Allowance for doubtful debts	0
Loss on disposal of items of property, plant and equipment	1,325
	<hr/>
Operating profit before changes in working capital	<b>1,088,223</b>

### Changes in working capital

Decrease in other assets	0
Increase in inventories	(5,933)
Increase in trade receivables	(6,896)
Increase in prepayment, deposits and other receivables	(40,034)
Decrease in trade payables	(209,636)
Increase in Customer's deposits, Other payable and accruals	310,262
Increase in Long term payable	6,226
	<hr/>

### Cash generated from operating activities

**1,142,212**

Income tax paid	(222,062)
	<hr/>

### Net cash inflow / (outflow) from operating activities

**920,150**

### Investing activities

Proceeds from disposal of items of property, plant and equipment	986
Purchases of items of property, plant and equipment	(80,158)
Business combination	0
Deposits for property acquisition	(928,000)
Acquisition of minority interest	0
Increase in principal guaranteed investment deposits	(21,050)
Decrease in entrusted loans	4,048
Interest received	118,689
	<hr/>

### Net cash inflow / (outflow) from investing activities

**(905,485)**

	For the nine months ended 30/09/2009 RMB'000
<b>Financing activities</b>	
New bank loans	0
Repayment of bank loans	(30,000)
Interest paid	(154,655)
Proceeds from issue of shares	51,373
Contribution from minority interest	0
Dividends paid	(237,978)
Dividends of subsidiaries	(26,897)
	<hr/>
<b>Net cash inflow / (outflow) from financing activities</b>	<b>(398,157)</b>
	<hr/>
<b>Net changes in cash &amp; short-term deposits</b>	<b>(383,492)</b>
Cash and short-term deposits at the beginning of the period	3,031,474
Effects of exchange rate changes	(1,770)
<b>Cash and short-term deposits at the end of the period</b>	<b>2,646,212</b>
	<hr/>
<b>Investment in principal guaranteed deposits</b>	<b>638,590</b>
	<hr/>
<b>Cash &amp; cash equivalents as at the end of the period</b>	<b>3,284,802</b>
	<hr/>

## Operation and Financial Review

During the period under review, the Group executed its stated business plans and strategies with satisfactory results amid a continuing challenging environment. With the opening of new stores in Lanzhou city and Changshu city in the month of September, the Group now operates and manages 44 stores across 28 cities in the People's Republic of China.

The Group continued to experience slow and gradual recovery in the trading environment for the third quarter of the year. The Group recorded a SSS growth of 7.5% for the quarter under review, representing a marginal improvement of 0.6% compared to the first half of the year. The SSS growth for the first nine months to 30 September 2009 was 7.1%, which is in line with the Group's expectation of high single digit SSS growth for the year 2009.

Gross sales proceeds for the quarter increased to RMB2,850.1 million and RMB8,954.0 million for the first nine months of the year. Concessionaire sales continued to be the key driver and contributed approximately 88.9% of the merchandise sales for the first nine months of the year with the balance of 11.1% came from the direct sales. The Fashion & Apparel category made up approximately 47.1% of the total merchandise sales, the Cosmetics & Accessories category contributed approximately 35.5%, the Household & Electrical category contributed approximately 8.0% and the balance of approximately 9.4% came from the Groceries and Perishables category. Operating revenues for the quarter increased by 13.2% to RMB912.3 million and operating revenues for the first nine months of the year increased by 11.8% to RMB2,865.1 million.

During the quarter under review, the year on year contraction on the merchandise margin (a combination of the concessionaire commission and the direct sales margin) continued to narrow. The Group recoded merchandise margin of 19.6%, representing a marginal decline of 0.4% compared to the same period of last year and a sequential improvement of 0.8% from the first half of the year. Commission rate on concessionaire sales for the quarter under review came in at 19.8%, representing a marginal decline of 0.5% compared to the same quarter of last year but a sequential improvement of 0.7% compared to the first half of the year. Direct sales margin for the quarter came in at 17.8%, improved marginally by 0.2% compared to the same period of last year and a sequential improvement of 1.1% compared to the first half of the year. Merchandise margin for the first nine months of the year was at 19.1%, representing a decline of 0.7% compared to the same period of last year and in line with the Group expectation of less than 0.8% decline for the full year of 2009.

Profit from operations for the quarter increased by 7.4% to RMB289.2 million, the increase in profit from operations for the quarter was lower than the increase of operating revenues primarily due to i) the pre opening expenses of RMB11.9 million for the Lanzhou Parkson store and the Changshu Parkson store opened in the month of September; ii) the increase of staff cost due to the low base comparison because of the write back of RMB11.3 million of incentive provision in the same period of last year and iii) the substantial increase of the rental cost for the new stores opened and the stores acquired that generated lower productivity. In light of that, the operating profit margin (profit from operations as a percentage to operating revenues) for the period declined by 1.7% to 31.7%. Operating profit margin for the first nine months of the year improved marginally by 0.1% to 33.8% compared to the same period of last year.

Interest cost (net of interest incomes) for the period increased by 36.5% due to lower deposit rate and the effective tax rate increased by 1.4% to 21.7% as a result of increase tax rate for certain subsidiaries. Due to the aforesaid reasons, the Profit attributable to our shareholders for the quarter increased by 5.7% to RMB201.1 million and profit attributable to our shareholders for the first nine months of the year increased by 10.2% to RMB663.2 million.

### **Acknowledgement**

Finally, I would like to take this opportunity to thank the Board, management and all our staffs 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, 13 November 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.*