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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 THIRD QUARTER ENDED 30 SEPTEMBER 2012**

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 2012.

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 Third Quarter (“3Q2012”) increased by 3.5% to RMB3,883.2 million. GSP for the First Nine Months of The Year (“9M2012”) increased by 6.4% to RMB12,667.1 million.

Same store sales (“SSS”) <sup>(1)</sup> for 3Q2012 declined marginally by 1.0%. 9M2012 SSS growth was 1.7%.

Profit Before Tax (“PBT”) for 3Q2012 declined by 38.3% to RMB215.6 million. 9M2012 PBT declined by 18.7% to RMB935.4 million.

Profit attributable to shareholders for 3Q2012 declined by 42.3% to RMB148.6 million and 9M2012 profit attributable to shareholders declined by 20.2% to RMB672.4 million.

*(1) Year on year change in total gross sales proceeds for stores in operation throughout the entire comparative year after adjusting for the impact from the change of contractual relationship with certain suppliers of jewelry products from concessionaire contract to lease agreement and excluding the performance of Shanghai Hongqiao and Guizhou JinFengHuang stores closed in the month of July.*

## UNAUDITED CONSOLIDATED INCOME STATEMENT FOR

	Quarter Ended 30 September		Year to Date Ended 30 September	
	2012	2011	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
<b>Gross Sales Proceeds</b>	<b>3,883,169</b>	<b>3,751,998</b>	<b>12,667,083</b>	<b>11,910,641</b>
Revenues	1,039,168	1,032,494	3,355,917	3,209,284
Other operating revenues	138,310	128,600	440,294	406,513
<b>Total operating revenues</b>	<b>1,177,478</b>	<b>1,161,094</b>	<b>3,796,211</b>	<b>3,615,797</b>
<b>Operating expenses</b>				
Purchases of goods and changes in inventories	297,186	287,325	970,974	911,990
Staff costs	120,951	92,080	351,110	279,034
Depreciation and amortization	77,953	59,722	220,745	171,173
Rental expenses	226,269	168,621	624,129	478,276
Other operating expenses	257,391	209,151	762,097	623,089
<b>Total operating expenses</b>	<b>979,750</b>	<b>816,899</b>	<b>2,929,055</b>	<b>2,463,562</b>
<b>Profit from operations</b>	<b>197,728</b>	<b>344,195</b>	<b>867,156</b>	<b>1,152,235</b>
Finance income / (costs), net	17,819	4,940	68,067	(1,582)
Share of profit from an associate	38	90	160	238
<b>Profit from operations before income tax</b>	<b>215,585</b>	<b>349,225</b>	<b>935,383</b>	<b>1,150,891</b>
Income tax	60,783	87,472	241,707	288,008
<b>Net profit for the period</b>	<b>154,802</b>	<b>261,753</b>	<b>693,676</b>	<b>862,883</b>
<b>Attributable to:</b>				
<b>Equity holders of the parent</b>	<b>148,590</b>	<b>257,333</b>	<b>672,365</b>	<b>842,094</b>
<b>Minority interests</b>	<b>6,212</b>	<b>4,420</b>	<b>21,311</b>	<b>20,789</b>

## UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 September 2012 <i>Unaudited</i> <i>RMB'000</i>	As at 31 December 2011 <i>Audited</i> <i>RMB'000</i>
<b>NON-CURRENT ASSETS</b>		
Property, plant and equipment	2,745,804	2,682,993
Investment properties	23,759	50,149
Lease prepayments	477,698	487,683
Intangible assets	2,172,502	2,171,670
Investment in an associate	2,364	2,204
Prepayment for purchase of land and building	620,048	422,760
Other assets	14,431	25,254
Derivative financial instruments designated as hedging instruments	-	2,855
Available-for-sale investments	30,422	24,685
Deferred tax assets	110,519	72,173
<b>Total non-current assets</b>	6,197,547	5,942,426
<b>CURRENT ASSETS</b>		
Inventories	286,314	278,346
Trade receivables	12,662	13,548
Prepayment, deposits and other receivables	1,098,726	725,081
Investment in principal guaranteed deposits with licensed banks	2,978,139	2,710,857
Time deposits with licensed banks	381,946	702,416
Cash and cash equivalents	1,145,782	1,690,004
<b>Total current assets</b>	5,903,569	6,120,252
<b>CURRENT LIABILITIES</b>		
Trade payables	(1,484,582)	(1,982,069)
Customer deposits, other payables and accruals	(1,920,174)	(1,763,349)
Tax payable	(65,723)	(136,584)
<b>Total current liabilities</b>	(3,470,479)	(3,882,002)
<b>NET CURRENT ASSETS</b>	2,433,090	2,238,250
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	8,630,637	8,180,676

	<b>As at</b> <b>30 September</b> <b>2012</b> <i>RMB'000</i>	<b>As at</b> <b>31 December</b> <b>2011</b> <i>RMB'000</i>
<b>NON-CURRENT LIABILITIES</b>		
Long term payables	(173,419)	(133,750)
Deferred tax liabilities	(227,583)	(230,204)
Term loans facilities	(2,505,794)	(2,467,446)
Derivative financial instruments designated as hedging instruments	(25,249)	(8,683)
<b>Total non-current liabilities</b>	<u>(2,932,045)</u>	<u>(2,840,083)</u>
<b>NET ASSETS</b>	<u>5,698,592</u>	<u>5,340,593</u>
<b>EQUITY</b>		
<b>Equity attributable to equity holders of the parent</b>		
Issued capital	58,354	58,354
Reserves	5,550,251	4,900,631
Proposed final dividends	-	309,100
	<u>5,608,605</u>	<u>5,268,085</u>
<b>Minority interests</b>	<u>89,987</u>	<u>72,508</u>
<b>TOTAL EQUITY</b>	<u>5,698,592</u>	<u>5,340,593</u>

## UNAUDITED CONSOLIDATED CASH FLOW STATEMENTS

	<b>For the nine months ended 30/09/2012 RMB'000</b>
Net cash inflow / (outflow) from operating activities	<u>45,892</u>
Net cash inflow / (outflow) from investing activities	<u>(226,395)</u>
Net cash inflow / (outflow) from financing activities	<u>(363,719)</u>
Net changes in cash & cash equivalents	(544,222)
Cash and cash equivalents at the beginning of the period	<u>1,690,004</u>
Cash and cash equivalents at the end of the period	1,145,782
Time deposits with licensed banks	381,946
Investment in principal guaranteed deposits with licensed banks	<u>2,978,139</u>
Cash & cash equivalents and deposits with licensed banks as at the end of the period	<u>4,505,867</u>

## Operation and Financial Review

Compared to the same period of last year, GSP for 3Q2012 increased by 3.5% to RMB3,883.2 million and GSP for 9M2012 increased by 6.4% to RMB12,667.1 million. Concessionaire sales continued to be the key driver and contributed approximately 90.3% of the merchandise sales for 9M2012 with the balance of 9.7% came from the direct sales. The Fashion & Apparel category made up approximately 45.9% of the total merchandise sales, the Cosmetics & Accessories category contributed approximately 43.2%, the Household & Electrical category contributed approximately 4.4% and the balance of approximately 6.5% came from the Groceries and Perishables category. Operating revenues for 3Q2012 increased by 1.4% to RMB1,177.5 million and operating revenues for 9M2012 increased by 5.0% to RMB3,796.2 million.

The Group recorded a sequentially weaker SSS performance which declined marginally by 1.0% in 3Q2012 compared to 2.9% SSS growth recorded in the first half of the year 2012 (“1H2012”), due to the considerably weaker operating environment. For 9M2012, the Group recorded a SSS growth of 1.7%, which was substantially weaker than 12.9% recorded in the same period of last year (“9M2011”).

The Group has so far opened 3 new stores in 9M2012, the Group now operates and manages 53 stores across 35 cities in the People’s Republic of China. The Group will open 3 more stores before the end of the year.

The Group recorded a merchandise gross margin of 18.5% in 3Q2012, a decline of 0.8% compared to the same period of last year but a sequential improvement of 0.3% from 1H2012. The decline of merchandise gross margin was primarily due to the lower merchandise gross margin of the 9 new stores opened since first half of the year 2011 (“1H2011”) and lower sales contribution from stores with higher merchandise gross margin, in particular the Shanghai flagship store and Beijing flagship store. Collectively, the 9 new stores recorded a merchandise gross margin of 16.3% and on a same store basis, the merchandise gross margin declined marginally by 0.5% to 18.7%. Merchandise gross margin for 9M2012 dropped by 0.5% to 18.3%. Given the continuing weak consumption sentiment, the Group will continue to monitor closely changes to the merchandise gross margin and make necessary adjustments to its marketing and promotion strategies.

PBT for 3Q2012 declined by 38.3% to RMB215.6 million. The substantial decrease of PBT was due to (i) SSS decline compared to the increase of same store operating cost of 11.7% ; (ii) decline of merchandise gross margin; (iii) increase of new stores losses; (iv) expenses of approximately RMB8 million in relation to the ecommerce; and (v) inclusion of the increase rental and property management expenses of approximately RMB27.3 million in relation to lease agreement successfully extended in the month of September 2012 for Nanning, Tianjin and Harbin flagship stores, such increase covered the period of January 2012 to September 2012, and the lease agreements have been extended to the end of the year 2024. PBT for 9M2012 declined by 18.7% to RMB935.4 million.

Profit attributable to our shareholders for 3Q2012 dropped by 42.3% to RMB148.6 million and profit attributable to our shareholders for 9M2012 declined by 20.2% to RMB672.4 million. For 9M2012 new stores (stores opened since January 2011) suffered a collective loss after tax of approximately RMB120.8 million. The rate of decline of profit attributable is higher than the rate of decline in PBT due to the higher effective tax rate in view of the increase losses of new stores.

**The financial information set out in this announcement has been prepared in accordance with the International Financial Reporting Standards and has not been audited. Shareholders of the Company and public investors should exercise caution when trading in the shares of the Company.**

## **Acknowledgement**

Finally, I would like to take this opportunity to thank the Board, management and all our staff for their hard work 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*

16 November 2012

*As at the date of this announcement, the Executive Directors of the Company are Datuk 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. Ko Tak Fai, Desmond, Mr. Werner Josef Studer and Mr. Yau Ming Kim, Robert.*