PARKSON 百盛

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)

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

HIGHLIGHTS

Total gross sales proceeds ("GSP") declined by 12.0% to RMB8,495.2 million due to weak consumption sentiment in China.

Same store sales ("SSS") declined by 9.7%.

Merchandise gross margin decreased marginally by 0.1% to 16.7%.

Total operating revenue decreased by 7.2% to RMB2,324.6 million.

Loss attributable to shareholders for the period was RMB124.2 million.

Loss per share was RMB0.047.

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The Board of Directors of Parkson Retail Group Limited (the "Company") is pleased to announce the unaudited consolidated interim results of the Company, its subsidiaries, a joint venture and its associated companies (the "Group") for the six months ended 30 June 2016 ("1H2016") with comparative figures for the corresponding period in the year 2015("1H2015"). The unaudited consolidated interim results have been reviewed by the auditors, Ernst & Young and the audit committee of the Company (the "Audit Committee").

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Notes	For the six months ended 30 June 2016 *Unaudited* *RMB'000*	2015 *Unaudited* *RMB'000*
Revenue	4	2,100,665	2,225,877
Other operating revenues	4	223,968	279,769
Total operating revenues		2,324,633	2,505,646
Operating expenses			
Purchases of goods and changes in inventories		(749,651)	(731,494)
Staff costs		(378,420)	(332,823)
Depreciation and amortisation		(179,870)	(204,614)
Rental expenses		(569,798)	(696,494)
Other operating expenses		(498,300)	(544,720)
Total operating expenses		(2,376,039)	(2,510,145)
Loss from operations	5	(51,406)	(4,499)
Finance expense, net	6	(38,596)	(3,792)
Share of profits from:			
A joint venture		10,776	14,090
Associates		(3,738)	44
(Loss)/profit from operations before income tax		(82,964)	5,843
Income tax expense	7	(40,832)	(21,688)
Loss for the period		(123,796)	(15,845)
Attributable to:			
Owners of the parent		(124,207)	(23,258)
Non-controlling interests		411	7,413
		(123,796)	(15,845)
LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	8		
Basic		(RMB0.047)	(RMB0.009)
Diluted		(RMB0.047)	(RMB0.009)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the six-month period ended 30 June 2016 (Unaudited) RMB'000	2015 (Unaudited) RMB'000
Loss for the period	(123,796)	(15,845)
Other comprehensive income		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(58,385)	3,796
Other comprehensive income for the period, net of tax	(58,385)	3,796
Total comprehensive income for the period	(182,181)	(12,049)
Attributable to:		
Owners of the parent	(182,592)	(19,462)
Non-controlling interests	411	7,413
	(182,181)	(12,049)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	**As at 30 June 2016** *Unaudited* *RMB'000*	**As at 31 December 2015** *Audited* *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		5,196,223	5,151,089
Investment properties		35,233	23,546
Prepaid land lease payments		427,780	434,436
Intangible assets		2,221,033	2,224,708
Investment in a joint venture		39,832	29,056
Investment in associates		51,651	55,389
Other assets		334,390	404,146
Deferred tax assets		278,705	281,958
Total non-current assets		8,584,847	8,604,328
CURRENT ASSETS			
Inventories		417,485	390,770
Trade receivables	10	29,360	61,130
Prepayment, deposits and other receivables		729,016	794,828
Dividend receivables		-	21,122
Investments in principal guaranteed deposits		1,749,620	2,075,120
Time deposits		129,945	297,354
Cash and cash equivalents		874,989	980,899
Total current assets		3,930,415	4,621,223
CURRENT LIABILITIES			
Trade payables	11	(1,231,896)	(1,494,092)
Customers' deposits, other payables and accruals		(1,400,898)	(1,604,341)
Interest-bearing bank loans		(728,828)	(644,186)
Tax payable		(33,160)	(45,434)
Total current liabilities		(3,394,782)	(3,788,053)
NET CURRENT ASSETS		535,633	833,170
TOTAL ASSETS LESS CURRENT LIABILITIES		9,120,480	9,437,498

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 30 June 2016 *Unaudited* *RMB'000*	As at 31 December 2015 *Audited* *RMB'000*
NON-CURRENT LIABILITIES		
Bonds	(3,210,835)	(3,227,112)
Interest-bearing bank loans	(74,602)	(146,077)
Long term payables	(749,011)	(744,576)
Deferred tax liabilities	(277,525)	(280,419)
Total non-current liabilities	(4,311,973)	(4,398,184)
NET ASSETS	4,808,507	5,039,314
EQUITY		
Equity attributable to owners of the parent		
Issued capital	55,890	56,408
Treasury shares	-	(13,308)
Reserves	4,688,986	4,929,168
	4,744,876	4,972,268
Non-controlling interests	63,631	67,046
TOTAL EQUITY	4,808,507	5,039,314

NOTES

1. CORPORATE INFORMATION

The Company was incorporated in the Cayman Islands with limited liability on 3 August 2005. The Company's ultimate holding company is Parkson Holdings Berhad ("PHB"), a company incorporated in Malaysia and listed on Bursa Malaysia Securities Berhad.

The Company acts as an investment holding company. The principal activities of the Group are operation of department store business in the People's Republic of China ("PRC").

2. PRINCIPAL ACCOUNTING POLICIES

The unaudited condensed consolidated financial statements of the Company for the six months ended 30 June 2016 (the "Interim Financial Statements") have been prepared in accordance with the International Accounting Standards 34 "Interim Financial Reporting" promulgated by the International Accounting Standards Board.

The accounting policies adopted in the preparation of the Interim Financial Statements are consistent with those followed in the preparation of the Group's consolidated financial statements for the year ended 31 December 2015.

3. GROSS SALES PROCEEDS

	For the six months ended 30 June	
	2016	**2015**
	Unaudited	Unaudited
	RMB'000	RMB'000
Sales of goods – direct sales	883,539	848,797
Gross revenue from concessionaire sales	6,017,279	7,019,615
Total merchandise sales	6,900,818	7,868,412
Others (including consultancy and management service fees, gross rental income and other operating revenues)	421,240	450,864
Total gross sales proceeds	7,322,058	8,319,276
Total gross sales proceeds (inclusive of value-added tax)	8,495,197	9,656,906

4. TOTAL OPERATING REVENUES AND SEGMENT INFORMATION

	For the six months ended 30 June	
	2016	**2015**
	Unaudited	Unaudited
	RMB'000	RMB'000
Sales of goods – direct sales	883,539	848,797
Commissions from concessionaire sales	1,019,854	1,205,985
Gross rental income	190,490	164,604
Consultancy and management service fees	6,782	6,491
Other operating revenues *(Note)*	223,968	279,769
Total operating revenues	2,324,633	2,505,646

Revenues are recognised to the extent that it is probable that the economic benefits of a transaction will flow to the Group. Revenues are categorised to include the sales of goods - direct sales, commissions from concessionaire sales, rental income, consultancy and management service fees and other operating revenues.

Segment information

For management purposes, the Group has a single operating and reportable segment - the operation and management of department store in the PRC. All revenues from external customers are generated in the PRC and all significant operating assets of the Group are located in the PRC.

Note: Other operating revenues

		For the six months ended 30 June	
		2016	**2015**
		Unaudited	Unaudited
	Note	RMB'000	RMB'000
Promotion income		40,261	48,366
Administration and credit card handling fees		72,505	71,015
Government grants	(i)	4,830	2,508
Other income		106,372	157,880
		223,968	279,769

Note:

(i) Various local government grants have been granted to reward the Group for its contributions to the local economy. There were no unfulfilled conditions or contingencies attaching to these government grants.

5. LOSS FROM OPERATIONS

The Group's loss from operations is arrived at after charging/(crediting):

	For the six months ended 30 June	
	2016	**2015**
	Unaudited	Unaudited
	RMB'000	RMB'000
Cost of inventories recognised as expenses	749,651	731,494
Staff costs excluding directors' remuneration:		
Wages, salaries and bonuses	285,108	248,480
Pension scheme contributions	37,208	33,961
Social welfare and other costs	52,662	48,329
	374,978	330,770
Directors' remuneration (including share options expense)	3,442	2,053
	378,420	332,823
Depreciation and amortisation	179,870	204,614
Impairment of inventories	7,509	-
Operating lease rentals in respect of leased properties:		
Minimum lease payments #	497,994	580,506
Contingent lease payments *	71,804	115,988
	569,798	696,494
Loss on disposal of items of property, plant and equipment	1,538	1,545
Auditors' remuneration	1,054	935
Gross rental income in respect of investment properties	(2,354)	(3,849)
Sub-letting of properties:		
Minimum lease payments #	(141,277)	(107,793)
Contingent lease payments *	(46,859)	(52,962)
	(188,136)	(160,755)
Total gross rental income	(190,490)	(164,604)
Direct operating expenses arising on rental-earning investment properties	523	732

\# Minimum lease payments of the Group include rental payments for the lease agreement with pre-determined rental payments and minimum guaranteed rental payments for lease agreements with contingent rental payments.

* Contingent lease payments are calculated based on a percentage of relevant performance of the tenants pursuant to the rental agreements.

6. FINANCE EXPENSE, NET

	For the six months ended 30 June	
	2016	**2015**
	Unaudited	Unaudited
	RMB'000	RMB'000
Interest expenses on bond and other bank loans repayable within five years	(83,148)	(80,736)
Interest income	44,552	76,944
	(38,596)	(3,792)

7. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

An analysis of the provision for tax in the Interim Financial Statements is as follows:

	For the six months ended 30 June	
	2016	**2015**
	Unaudited	Unaudited
	RMB'000	RMB'000
Current income tax	40,473	38,776
Deferred income tax	359	(17,088)
	40,832	21,688

8. EARNINGS PER SHARE

The calculation of basic earnings per share for 1H2016 is based on the net loss attributable to equity shareholders of the Company for that period of approximately RMB124.2 million and the weighted average number of 2,652,776,246 shares in issue during the period.

The calculation of basic earnings per share for 1H2015 is based on the net loss attributable to equity shareholders of the Company for that period of approximately RMB23.3 million and the weighted average number of 2,716,472,463 shares in issue during the period.

The calculation of the diluted earnings per share amount is based on the loss for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, plus the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed conversion of all the dilutive potential ordinary shares into ordinary shares.

No adjustment had been made to the basic earnings per share amounts presented for 1H2016 in respect of a dilution as the impact of share options outstanding had an anti-dilutive effect on the basic earnings per share amounts presented.

9. INTERIM DIVIDEND

The Board of Directors does not recommend the payment of an interim dividend for 1H2016 (2015: RMB0.04).

10. TRADE RECEIVABLES

Trade receivables mainly arise from purchases by customers with credit card payments. The Group normally allows a credit period of not more than 30 days to its credit card receivables. A provision for doubtful debts is made when it is considered that the trade receivables may not be recoverable. The Group's trade receivables relate to a number of diversified counterparties and there is no significant concentration of credit risk. The trade receivables are interest-free.

An aged analysis of the trade receivables as at the end of the interim financial reporting period, based on the payment due date, is as follows:

	30 June 2016	**31 December 2015**
	Unaudited	Audited
	RMB'000	RMB'000
Within 3 months	29,272	60,943
4 to 12 months	56	184
Over 1 year	32	3
	29,360	61,130

Included in the balance are trade receivables from a joint venture of RMB147,000 (31 December 2015: RMB1,445,000) which is attributable to consultancy fee income of the Group. Such balances were unsecured and interest-free.

11. TRADE PAYABLES

An aged analysis of the trade payables is as follows:

	30 June 2016	**31 December 2015**
	Unaudited	Audited
	RMB'000	RMB'000
Within 3 months	1,072,976	1,382,122
4 to 12 months	135,526	76,193
Over 1 year	23,394	35,777
	1,231,896	1,494,092

MANAGEMENT DISCUSSION AND ANALYSIS

Business Review

The board is pleased to report that the Group has received acclaim from the market for its transformation initiatives and despite current market headwind and short term pressure on financial results, the Group will continue to execute its strategies to achieve its vision of transforming into a lifestyle concept retailer.

2016 half year financial results

During the period under review, China recorded a flat Gross Domestic Product ("GDP") growth rate of 6.7% against a 2015 full year GDP growth rate of 6.9%, demonstrating that the country is entering an "L shape" growth trend. China's retail market sentiment remained weak under this macroeconomic environment and the Group recorded GSP of RMB8,495.2 million inclusive of value-added tax (1H2015: RMB9,656.9 million) or RMB7,322.1 million net of value-added tax (1H2015: RMB8,319.3 million) during the first six months of 2016, representing a decline of 12.0% compared to the same period last year. SSS declined by 9.7% in 1H2016 under similar economic backdrop while the Group's overall merchandise gross margin remained resilient at 16.7% in 1H2016 compared to 16.8% recorded in 1H2015.

For the first six months of 2016, total operating expenses decreased by 8.6% to RMB1,626.4 million. Included in total operating expenses of 1H2015 was an one-off provision in respect of the arbitral award arising from the dispute in the Beijing Metro City Shopping Plaza's Tenancy Agreement which amounted to RMB140.9 million. Excluding the one off item, total operating expenses contracted by 0.7%.

Loss from operations was RMB51.4 million in 1H2016 due to pressure on the Group's top line. On a same store basis, profit from operations decreased by 75.6% compared to the same period last year.

Transformation continues

The Group remained focused and determined with the execution of its transformation strategies during this challenging phase of its business cycle and has received positive recognition from the consumers and business partners for its efforts.

The Parkson Newcore Citymall which was officially opened in January 2016, had introduced an all-new shopping experience to the consumers in Shanghai. This Korean-themed outlet offers a wide range of merchandise and dining selections that have been thoughtfully picked to distinguish it from other shopping destinations in the city. It is the first off-price retail city mall that offers value for money products in a vibrant and energetic shopping environment. Sales of the transformed store had more than doubled during the first six months of the year, showing consumers' recognition towards this new retail concept that emphasizes a total shopping experience. Using this successful concept as a base point, we will continue to roll out innovative and creative retail concepts to our network of stores.

On 18 June 2016, the Group marked a milestone with the grand opening of the Qingdao Lion Mall, which signifies the Group's entry into the shopping mall market segment in China. The Qingdao Lion Mall which has a gross floor area of 230,000 sqm and retail area of approximately 123,000 sqm, offers more than 200 brands, including renowned brands like Chanel, Christian Dior, Muji, Spao, Chaps and TOUS to the Qingdao consumer. As the Group's pilot lifestyle establishment, the Qingdao Lion Mall showcases Parkson's department store, supermarket, fashion labels and food and beverage ("F&B") offerings all under one roof. Approximately 25% of the Lion Mall's retail area is occupied by brands under the Group. The Group demonstrated strong business ties with major international cosmetic brands by successfully recruiting brands like Lancôme, Sisley, Yves Saint Laurent and Giorgio Armani into the mall.

The Group continued to enhance cross platform experience for our consumers and had officially launched a mobile shopping application, Parkson Plaza ("百盛商城") in June which complements the Group's website "百盛網" (www.parkson.com.cn). During the period under review, we have synchronized selected categories of products across different platforms, offering online consumers real time access to our in store merchandise. By giving online consumers a choice to pick up their orders at our stores, we are channeling online traffic to our physical stores. The Group also partnered with more mobile payment providers during the period to offer consumers with a wider selection of mobile payment options, while lowering payment handling fees for the Group.

In 1H2016, the Group closed two underperforming stores as part of management's continuous effort to optimize the performance of its network of stores. Department store opening plans have been carefully reviewed and moving forward, resources needed to improve the performance of existing department stores and to develop new retail formats like supermarkets and beauty halls will be prioritized. Stores operation will be enhanced through tailor-made transformation plans that are customized for each store. We will also continue to explore further collaboration with E·Land Group to convert underperforming stores into the city malls format.

Acknowledging human resources as a key success factor, the Group continues to invest in talent for future growth. While we lay the foundations of future revenue streams, a group wide cost rationalization exercise has been rolled out to increase productivity and minimize costs. Lease agreement re-negotiation remained a key component of this exercise especially for underperforming stores. Operating expenses remained contained during the period under review with the Group rolling out many new transformation initiatives.

Seize the opportunities

Despite current challenges, China's total retail sales value is expected to reach RMB48 trillion, with a 10% year on year growth, during China's 13th Five-Year Plan. The emerging middle class with high disposal income is moving towards a lifestyle that embraces a total shopping experience well aligned with Parkson's transformation strategy.

Moving forward, the Group will continue to enrich its products and services offerings through expansion of its fashion and F&B brands. A flagship bakery store under the brand "Hogan Bakery", which was brought in from Taiwan, will be opened in one of Shanghai's tourist landmarks "Xin Tian Di" in the second half of 2016. The first Parkson standalone supermarket is scheduled to be opened in the next six months to further optimize the Group's retail format. The content of our mobile shopping application will be further enriched to increase interaction and engagement with our consumers.

The Group will be reviewing its assets portfolio to identify opportunities to unlock resources held up by underperforming stores. Unlocked resources will be invested in new businesses that will expand the Group's revenue streams for continuous growth. This exercise aims to mobilize our resources in order to maximize returns for our shareholders.

Vision

Rooted in China for more than 22 years, Parkson is adaptive to changing consumers' demands and has worked through difficult times in the past. With determination and patience, Parkson strongly believes that its transformation strategy will lead the Group to a positive future and create long term value to its shareholders.

Financial Review

Total gross sales proceeds and operating revenues

During the period under review, the Group generated total gross sales proceeds of RMB8,495.2 million (inclusive of value-added tax) or RMB7,322.1 million (net of value-added tax). Total GSP decline of 12.0% for the period was mainly caused by general weak consumer sentiment.

The Group generated total merchandise sales of approximately RMB6,900.8 million. The concessionaire sales contributed approximately 87.2% and the direct sales contributed the balance of 12.8%. The Group's sales mix presented a similar trend as with the same period last year. The Fashion & Apparel category continued to be the biggest contributor to sales and had contributed approximately 47.3% of the total merchandise sales; the Cosmetics & Accessories is another key category and had contributed approximately 43.9%; the Household & Electrical category and the Groceries and Perishables category contributed the remainder merchandise sales with contribution of approximately 3.5% and 5.3% respectively. The Group's merchandise gross margin (a combination of concessionaire commission rate and the direct sales margin) remained stable compared to 1H2015 decreasing marginally by 0.1% to 16.7%.

Total operating revenues of the Group for the period under review declined by RMB181.0 million or 7.2% to RMB2,324.6 million. The decline in operating revenues was lower than the decline of the GSP due to increase in rental income that is in line with the Group's strategy of increased complementary services in our stores.

Operating Expenses

Purchase of goods and change in inventories

The purchase of goods and change in inventories refer to the cost of sales for the direct sales. In line with the increase in direct sales, the cost of sales rose to RMB749.7 million, an increase of RMB18.2 million or 2.5% from 1H2015.

Staff costs

Staff costs increased by RMB45.6 million or 13.7% to RMB378.4 million in 1H2016 due to i) contributions from new stores opened in 2015 and 1H2016; ii) contributions from new business like private labels, food and beverage and shopping malls and iii) salary adjustments in line with inflation. The Group continued to invest in human resources acknowledging that it is one of the key success factors for future growth. On a same store basis, staff costs increased by 3.8%, mainly due to salary adjustments as mentioned above.

As a percentage to GSP, the staff cost ratio increased to 5.2% from 4.0% recorded in 1H2015.

Depreciation and amortisation

Depreciation and amortisation decreased by RMB24.7 million or 12.1% to RMB179.9 million. The decrease was primarily attributable to savings from stores closed. On a same store basis, depreciation cost decreased marginally by 0.6%.

As a percentage to GSP, depreciation and amortization cost ratio remained unchanged as 1H2015 at 2.5%.

Rental expenses

Rental expenses of RMB569.8 million posted a decrease of RMB126.7 million or 18.2% compared to rental expenses recorded in 1H2015. Included in 1H2015 was a one-off provision made in respect of the arbitral award arising from the disputes in the Beijing Metro City Shopping Plaza’s Tenancy Agreement of RMB138.3 million, excluding the one-off provision rental cost increase by RMB11.6 million or 2.1%. On a same store basis, rental expenses increased by 6.3% due to lease contract renewal during the period.

As a percentage to GSP, rental cost ratio decreased to 7.8% from 8.4% recorded in 1H2015.

Other operating expenses

Other operating expenses which consist of (a) utilities cost; (b) marketing, promotional and selling expenses; (c) property management expenses; (d) general administrative expenses; and (e) city development and educational surcharge, decreased by RMB46.4 million or 8.5% to RMB498.3 million as a result of management's cost rationalization efforts. On a same store basis, other operating expense decreased by 8.0% during the period.

As a percentage to GSP, the other operating expenses ratio increased to 6.8% from 6.5% recorded in 1H2015.

Loss from operations

In light of the decline in SSS and total operating revenue, the Group incurred a loss of RMB51.4 million in 1H2016.

Finance expense, net

The Group incurred net finance expense of RMB38.6 million in 1H2016 which represented an increase of RMB34.8 million compared to 1H2015. Increase in net finance expense was mainly due to decrease in finance income by RMB32.4 million or 42.1% in 1H2016 which was mainly due to decrease in interest rates and cash and bank balances.

Share of profit from a joint venture

This is the share of profit from Xinjiang Youhao Parkson Development Co., Ltd., a joint venture of the Company. The share of profit decreased to RMB10.8 million from RMB14.1 million recorded in 1H2015 due to softening of merchandise sales attributable to subdued consumer sentiment around that region.

Share of profit from associates

This is the share of results from i) Shanghai Nine Sea Lion Properties Management Co. Ltd, ii) Parkson Newcore Retail Shanghai Ltd and iii) Rite BOS Sdn. Bhd. The share of loss is mainly attributable to operating loss incurred by Parkson Newcore Retail Shanghai Ltd during its ramp up period.

Loss before tax

Due to the aforesaid reasons, the Group incurred a loss before tax of RMB83.0 million during the period under review.

Income tax expenses

The Group's income tax expenses increased by RMB19.1 million to RMB40.8 million mainly due to reduction in deferred tax assets recognized during the period.

Net loss for the period

The Group incurred a net loss of RMB123.8 million for 1H2016, an increase of RMB108.0 million as compared to 1H2015.

Loss attributable to the Group

Loss attributable to the Group was RMB124.2 million in 1H2016, an increase of RMB100.9 million or 434.0% from 1H2015.

Liquidity and financial resources

As at 30 June 2016, the cash and cash equivalents and deposits with licensed banks of the Group (aggregate of principal guaranteed investment deposit, time deposit and cash and bank balances deposited with licensed banks) stood at RMB2,754.6 million, representing a reduction of 17.9% from the balance of RMB3,353.4 million recorded as at the end of December 2015. The decrease was mainly due to: (i) net cash outflow from operating activities amounting to RMB216.4 million; (ii) net cash outflow from investing activities amounting to RMB167.8 million; and (iii) net cash outflow from financing activities amounting to RMB214.6 million.

Total debt to total asset ratio of the Group was 32.1% as at 30 June 2016.

Current assets and net assets

The Group's current assets as at 30 June 2016 were approximately RMB3,930.4 million. Net assets of the Group as at 30 June 2016 declined to RMB4,808.5 million, a decrease of RMB230.8 million or 4.6% over the balance as at 31 December 2015.

Pledge of assets

As at 30 June 2016, the Group has an onshore pledged deposit of RMB843.0 million. Save for the above, no other assets are pledged to any bank or lender.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

During the six months ended 30 June 2016, the Company repurchased 23,035,000 shares of its own ordinary shares through the Stock Exchange at a total consideration of HK$21,468,000. Save for the above, neither the Company nor any of its subsidiaries purchased, sold or redeemed interest in any of the Company's listed shares for the six months ended 30 June 2016.

CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company has complied with the Corporate Governance Code as set out in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules") for the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code"). The Directors have complied with the standard set out in the Model Code for the six months ended 30 June 2016.

AUDIT COMMITTEE

An Audit Committee (the "Committee") has been established by the Company to review and supervise the financial reporting process and internal control procedures of the Group. The Committee has reviewed the Group's interim results of the six months ended 30 June 2016. The Committee comprises the non-executive director and three independent non-executive directors of the Company.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND OF THE COMPANY

This announcement will be published on the websites of the Stock Exchange and of the Company. The interim report for the six months ended 30 June 2016 containing all the information required by Appendix 16 to the Listing Rules will be dispatched to shareholders and published on the websites of the Stock Exchange and of the Company in due course.

ACKNOWLEDGEMENT

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

On behalf of the Board
Parkson Retail Group Limited
Tan Sri Cheng Heng Jem
Executive Director & Chairman

17 August 2016

As at the date of this announcement, the Executive Directors of the Company are Tan Sri Cheng Heng Jem, Mr. Chong Sui Hiong and Ms. Juliana Cheng San San, the Non-executive Director is Dato' Dr. Hou Kok Chung and the Independent Non-executive Directors are Dato' Fu Ah Kiow, Mr. Ko Tak Fai, Desmond and Mr. Yau Ming Kim, Robert.