PARKSON RETAIL ASIA LIMITED
(Company registration number: 201107706H)
Incorporated in the Republic of Singapore

UPDATE ON LEGAL PROCEEDINGS INVOLVING PARKSON VIETNAM CO., LTD.

The Board of Directors ("**Board**") of Parkson Retail Asia Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the Company's announcement made on 11 December 2020 ("**December 2020 Announcement**") in which the Company announced an ongoing legal proceedings involving Parkson Vietnam Co., Ltd ("**PVC**") and the landlord in respect of PVC's existing leased premises in Da Nang, Vietnam. All capitalised terms used in this announcement shall have the same meanings ascribed to them in the December 2020 Announcement.

The Board wishes to update that the Company has been informed that PVC had received a letter from the Landlord alleging, among others, that PVC is required under the terms of the Lease to pay to the Landlord a total amount of VND66.2 billion (approximately S$3.8 million based on an illustrative exchange rate of VND17,369 : S$1) for unpaid and outstanding rental and late payment charges for the period from 15 April 2019 to 14 January 2021 and compensation for early termination of the Lease ("**Revised Claim Amount**"), and that the Premises are to be returned to the Landlord by 14 January 2021 (together with the Revised Claim Amount, the "**Revised Claims**"). The increase in the Revised Claim Amount, as compared with the original Claim Amount, is principally attributable to the Landlord's demands for early termination compensation and forfeiture of the security deposit currently held by the Landlord, which PVC intends to challenge. Notwithstanding that PVC continues its negotiations with the Landlord in respect of the Revised Claims and the alleged amounts payable thereunder, the Landlord has informed that it intends to submit additional petitions to the VIAC to amend the Arbitration Request in accordance with the Revised Claims.

PVC intends to dispute the quantum of the alleged Revised Claim Amount, and has engaged a Vietnam counsel to advise on the merits of the case and to defend PVC's interests in the arbitration proceedings. In view that the department store in the Premises has been loss-making for a number of years, and given the aggravating impact of the COVID-19 pandemic and the global economic downturn on business operations, PVC has communicated to the Landlord its decision to suspend the operations of the department store with effect from 14 January 2021.

The Company is presently unable to determine the exact financial impact of the ongoing dispute with the Landlord on the financial position of the Group for the current financial year ending 30 June 2021 ("**FYE2021**") as it will be dependent on the developments to the arbitration proceedings.

The Company will consider if any further provisions may be necessary in view of these latest developments. Notwithstanding that a portion of the Revised Claim Amount has been accrued in the financial statements for the FYE2021 of PVC, in view of the quantum of the Revised Claim Amount, in the event PVC is required to settle the Revised Claim Amount in full, it will likely result in an adverse impact on the financial position of the Group for the FYE2021.

The Company will make further announcements as and when there are any material developments.

For and on behalf of the Board

Tan Sri William Cheng Heng Jem
Executive Chairman

16 January 2021