PARKSON RETAIL ASIA LIMITED
Company Registration Number: 201107706H
Incorporated in the Republic of Singapore

ANNOUNCEMENT OF JOINT-VENTURE

---

1. INTRODUCTION

The Board of Directors (the "**Board**") of Parkson Retail Asia Limited (the "**Company**", together with its subsidiaries, the "**PRA Group**") wishes to announce that Parkson Corporation Sdn Bhd ("**PCSB**") a wholly-owned subsidiary of the Company, had on 30 April 2015 entered into a joint-venture agreement ("**JV Agreement**") with Studio Kingdoms Network Sdn Bhd ("**SKN**") for the purposes of establishing a joint-venture between PCSB and SKN (the "**Joint-Venture**") for the purpose of venturing into the business of operating a theme park, education centres and nursery centres, food & beverage operations, and merchandising operations in Malaysia.

2. INFORMATION ON SKN

SKN was incorporated on 27 May 2014 in Malaysia with its principal activities in family entertainment business. SKN currently owns the "Little Kingdom" brand rights for theme parks in Malaysia. The current shareholders of SKN are Mr Swee Yik Seong (35%), Mr Swee Yik Phang (35%) and Mr Ooi Chee Wey (30%), who are also the directors of SKN.

3. THE JOINT-VENTURE

The Joint-Venture shall be undertaken through a limited liability company incorporated in Malaysia ("**JVCo**"), the shares of which will be held by PCSB and SKN in 70:30 shareholding proportion, as detailed in paragraph 5.1 below. It is proposed that the JVCo will be named "Parkson Edutainment World Sdn Bhd" (or such other name as may be agreed between the parties). Both parties have agreed that SKN shall be principally responsible for managing the JVCo's day-to-day operations as it has the relevant expertise.

Under the terms of the JV Agreement, it is intended that the principal business activities of the JVCo will include the operation of a theme park, education centres and nursery centres, food & beverage operations, and merchandising operations in Malaysia:

a) Theme park

It is intended that the theme park will be operated within shopping malls in Malaysia and will feature up to 35 "Happy Toon World" characters from the United States of America.

b) Education centres

The education centres shall feature the "Pygmalion" teaching method, which originated from Japan. There are currently more than 100 education centres in Japan using the "Pygmalion" teaching method. The objectives of this teaching method are to improve children's brain development and to enhance their problem-solving skills, creativity, and memory. The target customers for the education centres shall be children between the ages of 30 months and 6 years old.

c) Nursery

The nursery centres shall be a "Zensyo Maitreya Nursery School", which originated from Japan. Catered to busy working parents, the nursery shall operate as a child care centre in looking after their children while at the same time helping to improve their children's discipline and knowledge.

4. RATIONALE FOR THE JOINT-VENTURE

The Company believes the Joint-Venture, which involves "edutainment", is a complementary business to the PRA Group's retail operations, and that the "edutainment" centres will also help to attract footfall to the PRA Group's store locations.

Having said that, the Company also wishes to caution that as the Joint-Venture is a new business venture for the PRA Group, we shall be highly dependent on skilled expertise provided by SKN. Further, the Company may face relatively intense competition as a result of a high concentration of "edutainment" players in Malaysia, such as Berjaya Time Square Theme Park and "KidZania".

5. SALIENT TERMS OF THE JV AGREEMENT

The Company wishes to highlight the following salient terms of the JV Agreement:

5.1 Share capital and shareholding proportion

Pursuant to the JV agreement, the share capital and shareholding proportions of the JVCo will be as follows:

i) The authorised share capital of the JVCo shall be RM1,000,000 (approximately SGD0.4 million) comprising 1,000,000 ordinary shares of RM1 each.

ii) The initial paid-up share capital of the JVCo, shall be RM1,000,000 comprising 1,000,000 ordinary shares of RM1 each.

iii) The shareholding structure of the JV Co shall be:

Shareholder	Number of JVCo Shares	Shareholding Proportion (%)
PCSB	700,000	70
SKN	300,000	30
Total:	1,000,000	100

(For the purposes of this announcement, the exchange rate of SGD1=RM2.64 has been used.)

Following PCSB's above investment in the JVCo, the JVCo shall be an indirect subsidiary of the Company.

5.2 The board of directors of the JVCo

The JVCo shall have 6 directors, of which 4 shall be appointed by PCSB and 2 shall be appointed by SKN.

5.3 Funding

The initial project of the Joint-Venture shall be situated in Maju Junction Mall, Kuala Lumpur, and shall involve a total investment cost of approximately RM11 million (approximately SGD4.2 million). Under the terms of the JV Agreement, in addition to the initial paid-up capital of RM1 million (approximately SGD0.4 million) described in paragraph 5.1 above, each of PCSB and SKN shall also provide to the JVCo an interest-free shareholder's loan of up to RM7.8 million (approximately SGD3 million) and up to RM2.2 million (approximately SGD0.8 million), respectively. Any further funding requirements of the JVCo in excess of the foregoing shall be by way of either additional shareholder's loans or external bank borrowings.

6. EXPECTED FINANCIAL EFFECTS OF THE JOINT-VENTURE

6.1 Share capital and substantial shareholders' shareholdings

The Joint-Venture will not have any effect on the issued and paid-up share capital of the Company as the Joint-Venture will not involve the issuance of new ordinary shares in the capital of the Company ("Shares").

6.2 Net asset value ("NAV") and NAV per Share

Based on the audited consolidated financial statements of the PRA Group as at 30 June 2014, on a proforma basis, the Joint-Venture is not expected to have a material impact on the PRA's Group's NAV and NAV per Share .

6.3 Earnings and Earnings per Share ("EPS")

The Joint-Venture is not expected to have a material impact on the earnings and EPS of the PRA Group for the financial year ending 30 June 2015, but it is expected to contribute positively to the future earnings of the PRA Group.

6.4 Gearing

The Joint-Venture is not expected to have a material impact on the gearing of the PRA Group.

7. SOURCE OF FUNDS

PCSB's aggregate contribution of up to RM8.5 million (approximately SGD3.2 million) for the Joint-Venture (encompassing the capital contribution of RM0.7 million and up to RM7.8 million in interest-free shareholder's loan, each as described in paragraph 5 above) will be sourced from internally generated funds.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the Directors or controlling shareholders of the Company has any interest in the Joint-Venture.

9. SHAREHOLDERS' APPROVAL NOT REQUIRED

As the relative figures computed on the bases set out in Rule 1006 of the Listing Manual are less than 5%, the Company is not required to obtain prior shareholders' approval for the Joint-Venture.

10. DOCUMENTS AVAILABLE FOR INSPECTION

A copy of the JV Agreement dated 30 April 2015 is available for inspection at the registered address of the Company at 80 Robinson Road #02-00 Singapore 068898 during normal office hours from Mondays to Fridays (excluding public holidays) for a period of three (3) months commencing from the date of this announcement.

By Order of the Board
PARKSON RETAIL ASIA LIMITED
Toh Peng Koon
Executive Director and Chief Executive Officer

30 April 2015