PARKSON RETAIL ASIA LIMITED

(the "Company")
(Company registration number: 201107706H)
Incorporated in the Republic of Singapore

INTERESTED PERSON TRANSACTIONS

The Board of Directors ("Directors") of Parkson Retail Asia Limited (the "Company", and together with its subsidiaries, the "Group") refers to the Company's announcement dated 14 February 2020 in relation to the unaudited financial statements of the Group for the second quarter and six months ended 31 December 2019.

The Group has entered into interested person transactions ("IPTs") from time to time with its ultimate holding company, Parkson Holdings Berhad ("PHB") and its group of companies in the ordinary course of business.

Rule 905(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("Listing Manual") provides that if the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the Group's latest audited net tangible assets, the Company must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year. IPTs which are conducted under the existing general mandate for interested person transactions ("Existing General Mandate") which was last approved by shareholders at the Company's annual general meeting held on 31 October 2019 are not required to be aggregated for the purposes of Rule 905 or Rule 906 of the Listing Manual.

Details of the Interested Person

PHB is an Asian-based investment holding company with subsidiaries involved in the operation of department stores across Malaysia, China, Vietnam and Indonesia. PHB is listed on the Main Market of Bursa Malaysia Securities Berhad since 28 October 1993.

Smart Spectrum Limited ("SSL") is a company incorporated in the British Virgin Islands with business activity in investment holding. SSL is an indirect wholly-owned subsidiary of PHB.

Parkson Credit Sdn Bhd ("PCSB") is a company incorporated in Malaysia with business activities in provision of money lending and credit services. PCSB is an indirect subsidiary of PHB.

Parkson Branding Sdn Bhd ("PBSB") is a company incorporated in Malaysia with business activities in distribution and retailing of fashionable goods. PBSB is an indirect wholly-owned subsidiary of PHB.

PHB is a controlling shareholder of the Company. In accordance with Chapter 9 of the Listing Manual, PHB, SSL, PCSB and PBSB (collectively, the "PHB Group") are therefore deemed to be interested persons of the Company and accordingly, transactions entered into between the

Company and the PHB Group are regarded as IPTs and are subject to Chapter 9 of the Listing Manual.

Details of the IPTs in 6MFY2020 (as defined below)

Details of the IPTs with the PHB Group for the six months from 1 July 2019 to 31 December 2019 (other than IPTs conducted under the Existing General Mandate) are set out below:

Interested Persons	Details of IPTs	Aggregate Value of IPTs (S$)
PHB	Interest expense payable by the Group to PHB	$467,855
SSL	Royalty expense payable by the Group to SSL	$82,101
PCSB	Service charge receivable by the Group from PCSB	$3,086
PBSB	Sale of equipment, furniture and fittings, computer and software to PBSB	$1,093
	Aggregate Value of all IPTs with the PHB Group	$554,135

The aggregate value of the abovementioned IPTs with the PHB Group was S$554,135 for the 6 months ended 31 December 2019 ("6MFY2020"), representing approximately 3.97% of the Group's latest audited net tangible assets ("Group NTA") of S$13,969,000 as at 30 June 2019 (as compared to the Group NTA of S$50,497,000 as at 30 June 2018). The aggregate value of the IPTs with the PHB Group in the first quarter ended 30 September 2019 against the Group NTA as at 30 June 2019 did not exceed the 3% threshold under Rule 905(2).

In view of the Company's financial condition, the Company is currently engaging with PHB to waive certain interest expense which had been accrued for the 6MFY2020 period, and at the same time to reduce future interest rates to be charged to the Group.

The IPTs were entered into between the PHB Group and the Group on a willing buyer-willing seller basis on normal commercial terms and the terms of the IPTs offered by the Group were no more favorable than the terms extended to other existing customers or unrelated third parties.

As at 31 January 2020, excluding the IPTs conducted under the Existing General Mandate, for the current financial year ending 30 June 2020, the aggregate value of all IPTs entered into by the Group with the PHB Group was approximately S$645,564, and the aggregate value of all IPTs entered into by the Group was approximately S$648,101.

Rationale for the IPTs and benefits to the Company

The royalty expense payable by the Group to SSL is for the use of the "Parkson" brand name and trademarks, including for the purposes of the Group's stores. The Group has been paying royalty expense since the initial public offering of the Company on 3 November 2011, and the Company's prospectus dated 27 October 2011 had disclosed this arrangement.

In respect of the service charge to be received by the Group from PCSB, PCSB provides its customers with convenience in purchasing products via easy payment instalments. To provide flexibility to its customers in making repayment, PCSB has engaged the Group as its collection agent through the Group's department store network in Malaysia since the financial year ended

30 June 2015. In return, the Group earns a service charge from the rendering of collection services to PCSB. The sale of equipment, furniture and fittings, and computer and software by the Group to PBSB is for PBSB's capital expenditure requirements. The transactions were conducted on an arm's length basis and the prices charged to PCSB and PBSB are comparable to those charged to third parties for the same or substantially similar products and services, and these transactions are therefore in the commercial interests of the Group as they allow the Group to generate additional sources of revenue.

The interest expense payable by the Group to PHB is in respect of loans provided by PHB to the Group pursuant to PHB's arrangement to provide funding support to the Group in 2018 in view of the Group's financial condition and the Group's difficulty in seeking additional bank financing. The Group has not made any payments of principal and interest to PHB in respect of the said loans to date.

Audit Committee Statement

The Audit Committee of the Company, having reviewed and considered the salient terms, and rationale of the IPTs is of the view that the abovementioned IPTs with the PHB Group have been conducted at arm's length basis and on normal commercial terms, and are not prejudicial to the interests of the Company or its minority shareholders.

Interest of Directors and Controlling Shareholders

Tan Sri Cheng Heng Jem, the Chairman and Executive Director of the Company, is a major shareholder of PHB principally through his direct and deemed interest in PHB. PHB is the sole shareholder of East Crest International Limited ("ECIL") and ECIL in turn holds 67.96% of the voting shares in the Company. Ms Cheng Hui Yuen, Vivien, the Executive Director of the Company, is the daughter of Tan Sri Cheng Heng Jem.

Save as disclosed in this announcement, none of the other Directors or controlling shareholders of the Company have any interest, direct or indirect, in the aforementioned IPTs, other than through their respective directorships and shareholdings in the Company.

BY ORDER OF THE BOARD

Tan Sri William Cheng Heng Jem
Executive Chairman

20 February 2020