

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

DISPOSAL OF ENTIRE SHAREHOLDING IN SUPER GEM RESOURCES SDN BHD

1. INTRODUCTION

The Board of Directors (the "**Board**") of Parkson Retail Asia Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to its announcement dated 4 November 2015 in relation to the joint venture between a wholly owned subsidiary of the Company, Parkson Corporation Sdn Bhd ("**PCSB**") and Superb Apparel Supply Sdn Bhd ("**SASSB**") for the subscription of new shares by PCSB and SASSB in the proportion of 70% and 30% respectively in the issued share capital of Super Gem Resources Sdn Bhd ("**Super Gem Resources**"). This joint venture was established for the purposes of trading, marketing and sale of apparels and related products in outlets bearing the brand name "LOL".

The Board wishes to announce that PCSB had on 22 June 2018 (the "**Signing Date**") entered into a share sale agreement (the "**SSA**") with SASSB and Super Gem Resources in relation to the disposal by PCSB of its entire shareholding of 700,000 ordinary shares (representing 70% of the issued share capital of Super Gem Resources) in Super Gem Resources ("**Sale Shares**") to SASSB (the "**Disposal**"). The Disposal was completed on the Signing Date.

For the avoidance of doubt, SASSB is a third party which is not related to the Company, its directors and any of the Company's controlling shareholders. The Disposal is therefore not an interested person transaction for the purposes of Chapter 9 of the Listing Manual.

Unless indicated otherwise, the indicative RM-to-S\$ exchange rate to be used for the purposes of this announcement is RM2.96: S\$1. The exchange rate as stated above is used for illustration purposes only and should not be construed as a representation that the relevant numbers have been or could be converted at the rate above or at any other rate.

2. RATIONALE

Super Gem Resources has been consistently operating at a loss since the establishment of the joint venture in 2015. The Company was of the view that the Disposal was in the interests of the Group as it enabled the Group to dispose of a loss-making entity which the Group no longer considered viable, for valuable consideration.

3. SALIENT TERMS OF THE SSA

Basis for the Consideration

Under the terms of the SSA, the aggregate consideration for the Disposal is RM2,400,000 (approximately S\$811,000) (the "**Consideration**").

The Consideration was arrived at on a willing buyer-willing seller basis, and had taken into consideration a number of factors including, *inter alia*, the net liabilities of Super Gem Resources as per the unaudited management accounts of Super Gem Resources as at 31 March 2018 and the shareholder advances by PCSB to Super Gem Resources amounting to RM13,800,000 (approximately S\$4,662,000) (the "**Advances**").

Payment of the Consideration

The first initial payment of the Consideration of RM300,000 had been paid by SASSB to PCSB on the Signing Date, whilst the balance payment(s) of RM2,100,000 shall be paid after the Signing Date in 11 monthly instalments in accordance with the Schedule of Payments in Table A below or such other schedule to be mutually agreed between the parties in writing before effecting any revision to the payment schedule(s):

Table A: Schedule of Payments

<u>Date(s)</u>	<u>Cheque amount (RM)</u>
30 July 2018	200,000
30 August 2018	190,000
30 September 2018	190,000
30 October 2018	190,000
30 November 2018	190,000
30 December 2018	190,000
30 January 2019	190,000
28 February 2019	190,000
30 March 2019	190,000
30 April 2019	190,000
30 May 2019	190,000
Total	<u>2,100,000</u>

Effect of Completion

Following the completion of the Disposal:

- (a) in respect of the Advances:
- (1) PCSB had assigned, conveyed or transferred all rights, title, interests and benefits in and to the Advances to SASSB absolutely;
 - (2) SASSB is therefore authorised to exercise the full rights over the Advances against Super Gem Resources and PCSB has no claims whatsoever on the Advances and shall not claim, demand, sue or commence legal proceedings for the recovery of the Advances from Super Gem Resources or SASSB; and
 - (3) Super Gem Resources acknowledged that the Advances are with effect from the Signing Date owing and payable to SASSB; and
- (b) in respect of the intercompany interest calculated on the Advances of approximately RM485,893.57 (the "**Interco Interest**") and the outstanding rent of RM1,909,841.14 (the "**Rental Owing**") owing by Super Gem Resources to PCSB as at 31 March 2018, such Interco Interest and Rental Owing shall be paid by Super Gem Resources to PCSB in the following manner and by depositing cheques with PCSB one (1) month after the Signing Date:
- (1) the first initial payment of RM85,734.71 shall be paid one (1) month after the Signing Date; and
 - (2) the balance payment(s) of RM2,310,000 shall be paid one (1) month after the Signing Date in 11 monthly instalments in accordance with the Schedule of Payments in Table B below or such other schedule to be mutually agreed

between the parties in writing before effecting any revision to the payment schedule(s):

Table B: Schedule of Payments

<u>Date(s)</u>	<u>Cheque amount (RM)</u>
30 August 2018	210,000
30 September 2018	210,000
30 October 2018	210,000
30 November 2018	210,000
30 December 2018	210,000
30 January 2019	210,000
28 February 2019	210,000
30 March 2019	210,000
30 April 2019	210,000
30 May 2019	210,000
30 June 2019	210,000
Total	<u>2,310,000</u>

4. FINANCIAL EFFECTS OF THE DISPOSAL

Based on the unaudited consolidated financial statements of the Group for the nine (9) months ended 31 March 2018 (the "**Unaudited 9MFY2018 Results**"):

- (a) the negative book value (or net liability value) and net tangible liability value attributable to the Sale Shares as at 31 March 2018 was approximately RM2,853,000 (approximately S\$964,000) and RM2,867,000 (approximately S\$969,000) respectively. There is no open market value available for the Sale Shares; and
- (b) the Group would expect to realise a net disposal gain of approximately S\$571,000 (approximately RM1,690,000), and an excess of the proceeds over the negative book value of the Sale Shares of approximately S\$3,424,000 (approximately RM10,135,000). The Group intends to use the sale proceeds from the Disposal for its working capital.

Based on the latest audited consolidated financial statements of the Group for the financial year ended 30 June 2017 ("**FY2017**"), the financial effects of the Disposal would be as follows:

- (a) the net tangible assets per share of the Group as at 30 June 2017 would decrease from 13.0 Singapore cents to 12.9 Singapore cents, assuming that the Disposal had been completed on 30 June 2017; and
- (b) the loss per share attributable to owners of the Company for FY2017 would decrease from 8.64 Singapore cents to 8.38 Singapore cents, assuming that the Disposal had been completed on 1 July 2016.

5. RELATIVE FIGURES PURSUANT TO RULE 1006 OF THE LISTING MANUAL

The relative figures for the Disposal as computed on the bases set out in Rule 1006 of the Listing Manual, based on the Unaudited 9MFY2018 Results (being the latest announced consolidated financial statements) are as follows:

Rule 1006 ⁽¹⁾	Bases	Relative Figure (%)
(a)	Net liability value attributable to the Sale Shares, compared with the Group's net asset value	-1.5 ⁽²⁾
(b)	Net losses attributable to the Sale Shares, compared with the Group's net loss	-8.0 ⁽³⁾
(c)	Aggregate value of the consideration for the Disposal compared with the market capitalisation of the Company as at 21 June 2018	2.3 ⁽⁴⁾

Notes:

- (1) Rules 1006(d) and 1006(e) of the Listing Manual are not relevant to the Disposal.
- (2) Based on the unaudited financial information of Super Gem Resources for the nine (9) months ended 31 March 2018, the net liability value attributable to the Sale Shares was approximately RM2,853,000 (approximately S\$964,000). Based on the Unaudited 9MFY2018 Results, the net asset value of the Group was approximately S\$64,394,000.
- (3) Based on the unaudited financial information of Super Gem Resources for the nine (9) months ended 31 March 2018, the net loss attributable to the Sale Shares was approximately RM5,358,000 (approximately S\$1,810,000). Based on the Unaudited 9MFY2018 Results, the net loss of the Group was approximately S\$22,519,000.
- (4) The aggregate cash consideration to be payable by SASSB to PCSB for the Sale Shares is RM2,400,000 (approximately S\$811,000).

The Company's market capitalisation is S\$35,711,400 which was computed based on the total number of issued ordinary shares ("**Shares**") in the capital of the Company of 673,800,000 Shares multiplied by the volume weighted average price of the Shares on the SGX-ST of S\$0.053 per Share on 21 June 2018, being the market day immediately preceding the date of the SSA on which Shares were traded on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

Under Rule 1007 of the Listing Manual, if any of the relative figures computed pursuant to Rule 1006 of the Listing Manual is a negative figure, the provisions of Chapter 10 of the Listing Manual may still be applicable to the transaction at the discretion of the SGX-ST and the Company should consult the SGX-ST.

As the relative figures of the Disposal computed on the bases set out in Rules 1006(a) and 1006(b) of the Listing Manual were negative, the Company has confirmed with the SGX-ST that the Company was not required to seek the approval of its shareholders for the Disposal under Rule 1014(2) of the Listing Manual.

6. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

As at the date of this announcement, none of the Directors and/or controlling shareholders of the Company has any interest, direct or indirect, in the Disposal, other than through their respective directorships and shareholdings in the Company. No service contracts are proposed to be entered into by the Company in connection with the Disposal or any other transaction contemplated in relation to the Disposal.

7. DOCUMENTS FOR INSPECTION

A copy of the SSA is available for inspection by the shareholders of the Company at its registered address 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.

For and on behalf of the Board

Tan Sri William Cheng Heng Jem
Executive Chairman

22 June 2018