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

INTERESTED PERSON TRANSACTIONS

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 dated 20 February 2020 in respect of interested person transactions entered into by the Group with its ultimate holding company, Parkson Holdings Berhad ("PHB") and PHB's group of companies. As stated in the said announcement, PHB had previously provided loans to the Group pursuant to PHB's arrangement to provide funding support to the Group in view of the Group's financial condition and the Group's difficulty in seeking additional bank financing. The announcement also stated that the Company was engaging with PHB to waive certain interest expense which had accrued for the period commencing from 1 July 2019 until 31 December 2019 ("1HFY2020"), and at the same time to reduce future interest rates to be charged to the Group in respect of these loans. This is notwithstanding that the Group has not made any payments of principal and interest to PHB in respect of the said loans to date.

The Board is pleased to update that PHB has provided additional support to the Group as follows:

(a) ***Reduction in Interest Rate:*** the Company and Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of the Company, have each on 15 May 2020 entered into a supplemental agreement to the existing loan granted by PHB in favour of the Company in respect of a maximum principal sum of RM30.0 million (of which RM27.5 million has been drawndown to date) (the "PRA Loan") and the existing loan granted by PHB to PCSB in respect of a maximum principal sum of RM20.0 million (of which RM12.0 million has been drawndown to date) ("PCSB Loan", and together with the PRA Loan, the "Loans")) respectively, to reduce the applicable interest rate for the Loans from 7% per annum to 3% per annum with effect from 1 January 2020. The interest rate may in future be increased to a maximum of 7% per annum subject to the mutual agreement of the parties to the Loans; and

(b) ***Waiver of Interest Amount:*** in respect of the existing interest amount due and payable to PHB under the Loans for 1HFY2020, PHB has on 15 May 2020 by way of a waiver letter agreed to waive an aggregate of approximately RM0.923 million (approximately S$0.304 million based on an illustrative exchange rate of S$1 : RM3.033 (the "Illustrative Exchange Rate")) in such outstanding interest, comprising:

    (i) 65% of the interest sum imposed on the Company pursuant to the PRA Loan for 1HFY2020, amounting to the sum of approximately RM0.631 million (approximately S$0.208 million based on the Illustrative Exchange Rate) with effect from 1 January 2020; and

    (ii) 65% of the interest sum imposed on PCSB pursuant to the PCSB Loan for 1HFY2020, amounting to the sum of approximately RM0.292 million (approximately S$0.096 million based on the Illustrative Exchange Rate) with effect from 1 January 2020

    (collectively, the "1HFY2020 Waivers").

In addition, PHB has further agreed to waive any additional interest that may accrue and be payable to PHB pursuant to the Loans which, when aggregated with the value of other interested person transactions entered into by the Group with PHB or its associates (which are not conducted under the Company's general mandate for interested persons transactions, for as long as such mandate is subsisting) exceeds 4.99% of the latest audited net tangible assets of the Group (or any other applicable benchmark that may be imposed by Singapore Exchange Securities Trading Limited (the "SGX-ST") to compute the threshold in respect of Rule 906(1) of the listing manual of the SGX-ST which would require shareholders' approval to be sought in respect of such interested person transactions).

The reduction in interest rate (for the period from 1 January 2020 to 30 June 2020) and the 1HFY2020 Waivers will lead to an overall reduction in the Group's interest expense by approximately S$0.564 million (based on the Illustrative Exchange Rate) for the financial year ending 30 June 2020. Also, in view of the said reduction in interest rate and the 1HFY2020 Waivers, the aggregate value of the interested person transactions with the PHB Group (excluding those conducted under the Company's subsisting general mandate for interested persons transactions) for the nine (9) months ended 31 March 2020 was approximately S$0.388 million (based on the Illustrative Exchange Rate), representing approximately 2.8% of the Group's latest audited net tangible assets of S$13.969 million as at 30 June 2019. For further details, please refer to the Company's announcement of the unaudited financial statements for the third quarter and nine (9) months ended 31 March 2020, which has been released on 15 May 2020.

BY ORDER OF THE BOARD

Tan Sri William Cheng Heng Jem
Executive Chairman

15 May 2020