

PARKSON RETAIL ASIA LIMITED

(the "Company")

(Company registration number: 201107706H)

Incorporated in the Republic of Singapore

INTERESTED PERSON TRANSACTIONS

Parkson Retail Asia Limited ("Company", and together with its subsidiaries, the "Group") refers to its announcement dated 28 June 2020 in relation to, among others, the confirmation from the Singapore Exchange Securities Trading Limited ("SGX-ST") on the applicable benchmark to be used by the Group for the calculations of the relevant thresholds in Rules 905 and 906 under the Listing Manual of the SGX-ST ("Listing Manual") in view of the Group's negative audited consolidated net tangible assets for the financial year ended 30 June 2020 ("FY2020"), and its announcements dated 30 October 2020, 4 February 2021 and 11 May 2021 relating to the Group's unaudited consolidated quarterly financial statements which had disclosed details of certain interested person transactions ("IPTs") which the Group has undertaken 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 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. As the Group's latest audited net tangible assets for the FY2020 is negative, as set out in the Company's announcement dated 28 June 2020, for the purposes of computing the relevant threshold in Rule 905(2) of the Listing Manual, the Company shall use the average of its daily market capitalisation for June 2020 ("ADMC"), being the last month of the immediate preceding financial year, as the reference point. The ADMC is approximately S\$12,919,695, and is computed based on the total number of issued shares multiplied by the volume weighted average price of the Company's shares listed on the SGX-ST, on each trading day in June 2020.

IPTs which are conducted under the existing general mandate ("Existing General Mandate") which was last approved by the shareholders at the Company's last Annual General Meeting held on 30 October 2020, as well as IPTs which are below S\$100,000 in value, 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 investment holding company with subsidiaries principally involved in the operation of department stores across Malaysia, China and Vietnam, property management, credit business, operation of food and beverage business, and investment holding. PHB is listed on the Main Market of Bursa Malaysia Securities Berhad since 28 October 1993.

Parkson Services Pte Ltd ("PSPL"), a private company limited by shares incorporated in Singapore, is an indirect wholly-owned subsidiary of PHB. The principal activity of PSPL is intellectual property holding.

PHB is a controlling shareholder of the Company. In accordance with Chapter 9 of the Listing Manual, PHB and PSPL (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 for 12 months ended 30 June 2021 (as defined below)

Details of the IPTs between the Group and the PHB Group for the 12 months ended 30 June 2021 (“12MFY2021”) (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	278,157
PSPL	Royalty expense payable by the Group to PSPL	132,738
	Aggregate Value of all IPTs with the PHB Group	410,895

The aggregate value of the abovementioned IPTs entered into between the Group and the PHB Group for the 12MFY2021 was approximately S\$410,895, representing approximately 3.18% of the ADMC of S\$12,919,695. The aggregate value of the IPTs with the PHB Group up till the third quarter ended 31 March 2021 against the ADMC did not exceed the 3% threshold under Rule 905(2) of the Listing Manual.

Rationale for the IPTs and benefits to the Company

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 (“PHB Loans”). The Group has made some payments of principal to PHB in respect of the PHB Loans to date. As announced by the Company on 15 May 2020, the terms of the PHB Loans were amended for the benefit of the Group, such that amongst others, the applicable interest rate for the PHB Loans was reduced.¹ This will result in an overall reduction in the Group's interest expense for the financial year ending 31 December 2021.

The royalty expense payable by the Group to PSPL is for the use of the “Parkson” brand name and trademarks, including for the purposes of the Group's stores. The Group has been incurring such royalty expense since the initial public offering of the Company on 3 November 2011. The royalty expense was previously paid to Smart Spectrum Limited (“SSL”), a company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of PHB. On 1 June 2020, as part of an internal restructuring exercise within the PHB Group, SSL and PSPL had entered into a trade marks assignment agreement pursuant to which SSL assigned its rights in relation to all trademarks owned by SSL, including the “Parkson” and “Parkson” related brand names and

¹ The said announcement had stated that PHB had agreed to waive any additional interest that may accrue and be payable to PHB pursuant to the PHB Loans which, when aggregated with the value of other IPTs entered into by the Group with PHB or its associates (which are not conducted under the Company's general mandate for IPTs, 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 the SGX-ST to compute the threshold in respect of Rule 906(1) of the Listing Manual which would require shareholders' approval to be sought in respect of such IPTs).

trademarks, to PSPL. In connection therewith, certain subsidiaries of the Group, SSL and PSPL had entered into a novation agreement on 1 June 2020 pursuant to which SSL novated all its rights and obligations in the trade mark license agreements entered between SSL and the aforesaid subsidiaries of the Group, including its rights to receive royalty payments from the Group for the use of the “Parkson” and “Parkson” related brand names and trademarks, to PSPL. The Group has since been incurring such royalty expense with PSPL.

The IPTs were entered into between the Group and the PHB 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.

Audit Committee Statement

The Audit Committee of the Company, having reviewed and considered the terms and rationale of the IPTs, is of the view that the abovementioned IPTs with the PHB Group are on normal commercial terms, and are not prejudicial to the interests of the Company and 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 has 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

13 July 2021