

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

UPDATE ON LEGAL PROCEEDINGS INVOLVING PARKSON VIETNAM CO., LTD.

The Board of Directors ("**Board**") of Parkson Retail Asia Limited ("**Company**") refers to the Company's announcements made on 11 December 2020, 16 January 2021, 28 January 2021, 4 February 2021, 11 May 2021, 13 August 2021, 12 November 2021 and 25 November 2021 ("**Previous Announcements**") relating to the ongoing legal proceedings involving Parkson Vietnam Co., Ltd ("**PVC**") and the Landlord in respect of PVC's leased premises in Da Nang, Vietnam which had ceased operation in January 2021. All capitalised terms used in this announcement shall have the same meanings ascribed to them in the Previous Announcements.

The Board wishes to update that the Company has been informed that PVC had on 15 December 2021, received the VIAC's decision dated 10 December 2021 in relation to the settlement of the dispute between PVC and the Landlord. The VIAC had, inter alia, decided that PVC shall compensate the Landlord a total of VND68.9 billion (approximately S\$4.1 million based on an illustrative exchange rate of VND16,833 : S\$1 ("**Illustrative Exchange Rate**") ("**Arbitral Award**") as follows:

1. Rent accrued from 15 April 2019 to 31 December 2020 based on base rent of VND29.3 billion;
2. Late payment interest up to 23 November 2021 of VND8.8 billion;
3. Compensation in relation to early termination of the lease agreement between both parties of VND28.8 billion;
4. Arbitration fee of VND1.5 billion; and
5. Legal fee of VND0.5 billion.

In addition to the above, PVC is required to complete the handover of the demised premises together with the applicable furniture and fittings to the Landlord within 30 days from the date of the VIAC's decision.

The Arbitral Award is to be settled within 30 days from the date of the VIAC's decision, failure of which additional late payment interest will be imposed on PVC.

(collectively as "**VIAC Decision**")

Further, the Company was informed by its legal counsel in Vietnam that the VIAC Decision is final and the Arbitral Award may only be adjusted based on further justification by either party, subject to VIAC's approval. Following this, PVC had on 17 December 2021, provided such further justifications to the VIAC.

The VIAC Decision will result in an additional accrual of rent, compensation expenses and ancillary cost amounting to approximately VND46.1 billion (approximately S\$2.7 million based on the Illustrative Exchange Rate) by PVC ("**Additional Accrual**") and this will have an adverse impact on the financial position of the Group for the financial period ending 31 December 2021. PVC is currently in discussions with its legal counsel in Vietnam on the settlement of the Arbitral Award.

The illustrative financial effects of the Additional Accrual on the net tangible liabilities per share and loss per share of the Group, based on the audited consolidated financial statements of the Group for the financial year ended 30 June 2020 are set out below.

Net tangible liabilities

Assuming the Additional Accrual had occurred on 30 June 2020, being the end of the most recently completed financial year of the Group, the financial effects on the net tangible liabilities and the net tangible liabilities per share of the Group for the financial year ended 30 June 2020 would be as follows:

	Before	After
Net tangible liabilities (S\$'000)	(66,324)	(69,024)
Weighted average number of shares ('000)	673,800	673,800
Net tangible liabilities per share (S\$)	(0.0984)	(0.1024)

Loss per share

Assuming the Additional Accrual had occurred on 1 July 2019, being the beginning of the most recently completed financial year of the Group, the financial effects on the loss attributable to shareholders of the Company and the loss per share of the Group for the financial year ended 30 June 2020 would be as follows:

	Before	After
Loss attributable to shareholders of the Company (S\$'000)	(84,928)	(87,628)
Weighted average number of shares ('000)	673,800	673,800
Loss per share (S\$)	(0.1260)	(0.1301)

The Company will make further announcements as and when there are any material developments.

For and on behalf of the Board

Tan Sri William Cheng Heng Jem
Executive Chairman

18 December 2021