

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

ANNOUNCEMENT OF PROPOSED DISPOSAL

1. INTRODUCTION

The Board of Directors (the "**Board**") of Parkson Retail Asia Limited (the "**Company**", together with its subsidiaries, the "**PRA Group**") wishes to announce that Parkson Vietnam Co Ltd ("**Parkson Vietnam**"), a wholly-owned subsidiary of the Company, had on 16 June 2015 entered into a capital assignment agreement ("**Capital Assignment Agreement**") with Mr Hoang Manh Cuong ("**Cuong**" or the "**Purchaser**") in relation to the disposal of approximately 30% equity interest (the "**Sale Shares**") in Parkson Hanoi Co Ltd ("**Parkson Hanoi**") to Cuong (the "**Proposed Disposal**") for a total cash consideration of USD5,000 (the "**Consideration**").

(For the purposes of this announcement, the exchange rate of USD1: VND 21,610 has been used.)

2. INFORMATION ON PARKSON HANOI

Parkson Hanoi was incorporated in the Socialist Republic of Vietnam on 12 March 2008. The principal activities of Parkson Hanoi include retailing and operation of modern shopping centres. Parkson Hanoi has leased two retail premises in Hanoi: (i) Parkson Viet Tower; and (ii) Landmark 72 (which ceased operations on 2 January 2015).

The shareholding structure of Parkson Hanoi immediately prior to the Proposed Disposal is set out below:

Shareholders	Paid-up Capital	
	USD	%
Parkson Vietnam	7,560,000	75.4%
Thuy Duong Investment Joint Stock Company (" Thuy Duong ")	1,649,647	16.4%
Le Minh Dung	824,824	8.2%
	10,034,471	100.0%

3. THE PRA GROUP'S RESULTS AND SHAREHOLDING IN PARKSON HANOI

As shown in paragraph 2 above, immediately prior to the Proposed Disposal, Parkson Hanoi was a 75.4%-owned subsidiary company of Parkson Vietnam. Following the Proposed Disposal, Parkson Vietnam's stake in Parkson Hanoi will be

reduced to 45.5%, making Parkson Hanoi an associated company of Parkson Vietnam.

The shareholding structure of Parkson Hanoi after the Proposed Disposal is set out below:

Shareholders	Paid-up Capital		Proposed Disposal		After the Proposed Disposal	
	USD	%	USD	%	USD	%
Parkson Vietnam	7,560,000	75.4%	(3,000,000)	-29.9%	4,560,000	45.5%
Thuy Duong	1,649,647	16.4%	-	-	1,649,647	16.4%
Le Minh Dung	824,824	8.2%	-	-	824,824	8.2%
Hoang Manh Cuong	-	-	3,000,000	29.9%	3,000,000	29.9%
	10,034,471	100.0%	-	-	10,034,471	100.0%

Parkson Vietnam will enter into a management agreement with Parkson Hanoi following the Proposed Disposal under which Parkson Vietnam will be appointed to manage the stores owned by Parkson Hanoi.

4. INFORMATION ON THE PURCHASER

Cuong is the Deputy General Director of Thuy Duong.

5. CONSIDERATION FOR THE PROPOSED DISPOSAL

Parkson Hanoi has been loss-making for the past few years with loss before tax of approximately SGD5 million for the financial year ended 30 June 2013, loss before tax of approximately SGD7 million for the financial year ended 30 June 2014, and loss before tax of approximately SGD7 million for the nine (9) months ended 31 March 2015.

The book value and net tangible asset value of the Sale Shares are Nil and SGD223,000 respectively. No valuation has been conducted thereon. The excess of the Consideration over the book value is approximately SGD5,000 and PRA Group intends to use the sale proceeds for its working capital. PRA Group will record a gain on disposal of approximately SGD1million.

The Consideration was negotiated at arms-length and arrived at on a willing-buyer willing-seller basis after taking into account the financial position of Parkson Hanoi and the rationale for the Proposed Disposal as set out in paragraph 6 below.

6. RATIONALE FOR THE PROPOSED DISPOSAL

The Proposed Disposal to Cuong, a local partner, is to facilitate the process required for the closing of the Landmark 72 store which has ceased operations in January 2015. By reducing its equity stake in Parkson Hanoi, the PRA Group's share of Parkson Hanoi's losses will be correspondingly reduced.

7. EXPECTED FINANCIAL EFFECTS OF THE PROPOSED DISPOSAL

7.1 Share capital

The Proposed Disposal will not have any effect on the issued and paid-up share capital of the Company as the Proposed Disposal does not involve the issuance of new ordinary shares in the capital of the Company ("**Shares**").

7.2 Net tangible asset value ("NTA") per Share

Based on the audited consolidated financial statements of the PRA Group for the financial year ended 30 June 2014, assuming that the Proposed Disposal had been effected at the end of that financial year, the Proposed Disposal has no material impact on the Company's NTA per Share.

7.3 Earnings per Share ("EPS")

Based on the audited consolidated financial statements of the PRA Group for the financial year ended 30 June 2014, assuming that the Proposed Disposal had been effected at the beginning of that financial year, the Proposed Disposal has no material impact on the Company's EPS.

7.4 Gearing

The Proposed Disposal will not have a material impact on the gearing of the PRA Group.

8. INTERESTS OF DIRECTORS AND CONTROLLING SHAREHOLDERS

None of the directors or controlling shareholders of the Company has any interest in the Proposed Disposal.

9. SERVICE CONTRACTS

No service contracts are proposed to be entered into by the Company in connection with the Proposed Disposal.

10. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL, AND SHAREHOLDERS' APPROVAL

The relative figures for the Proposed Disposal as computed on the bases set out in Rule 1006 of the Listing Manual, based on the unaudited consolidated financial results of the PRA Group for the nine (9) months ended 31 March 2015 (being the latest announced consolidated accounts) are set out below:

Rule 1006	Bases	Relative Figures (%)
(a)	Net asset value of the Sale Shares compared with the PRA Group's net asset value as at 31 March 2015	0.1% ⁽¹⁾
(b)	Net profits (loss) attributable to the Sale Shares compared with the PRA Group's net profits for the nine (9) months ended 31 March 2015	-5.7% ⁽²⁾
(c)	Aggregate value of the Consideration compared with the market capitalisation of the Company as at 12 June 2015	Not meaningful ⁽³⁾
(d)	Number of equity securities issued by the Company as consideration for the Proposed Disposal, compared with the number of equity securities previously in issue	Not applicable ⁽⁴⁾
(e)	Aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the PRA Group's proved and probable reserves	Not applicable ⁽⁵⁾

Notes:

- (1) *Based on the net asset value of the Sale Shares as at 31 March 2015 of approximately S\$210,000, divided by the PRA Group's net asset value as at 31 March 2015 of approximately S\$217,398,000.*
- (2) *Based on the net loss attributable to the Sale Shares for the nine (9) months ended 31 March 2015 of approximately S\$2,096,000, divided by the PRA Group's net profit for the nine (9) months ended 31 March 2015 of approximately S\$37,062,000.*
- (3) *Based on the consideration of USD5,000, divided by the market capitalisation of the Company of approximately S\$338,650,000 (based on the weighted average price of the Shares transacted on 12 June 2015, being the market day immediately preceding the date of the Capital Assignment Agreement on which Shares were traded on Singapore Exchange Securities Trading Limited (the "SGX-ST"). There were no trades in Shares on the SGX-ST on 15 June 2015). The resulting relative figure for Rule 1006(c) is much smaller than 0.01% and is therefore reflected as "not meaningful".*
- (4) *Rule 1006(d) does not apply as the Company will not be issuing shares as consideration.*

(5) *Rule 1006(e) does not apply because the Company is not a mineral, oil and gas company.*

The Company has obtained confirmation from the SGX-ST that the Company is not required to obtain prior shareholders' approval for the Proposed Disposal.

11. ESTIMATED TIME FRAME

The Proposed Disposal is expected to be completed by 30 June 2015.

12. DOCUMENT AVAILABLE FOR INSPECTION

A copy of the Capital Assignment Agreement is available for inspection at the registered address of the Company 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.

By Order of the Board
PARKSON RETAIL ASIA LIMITED
Toh Peng Koon
Executive Director and Chief Executive Officer

16 June 2015