

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

ISSUANCE OF NOTICE OF ARBITRATION TO HASSAN (CAMBODIA) DEVELOPMENT CO., LTD.

The Board of Directors (the "**Board**") of Parkson Retail Asia Limited (the "**Company**", and together with its subsidiaries, the "**Group**") refers to the annual reports of the Company for the financial years ended 30 June 2015, 2016, 2017 and 2018, as well as the Company's announcements dated 18 August 2016 and 23 August 2017 in relation to its unaudited financial statements for the financial years ended 30 June 2016 and 30 June 2017, respectively.

The Group's original plan to open a new store in Cambodia (the "**Cambodia Store**") has been plagued by prolonged delays (the "**Delays**") in the completion and handing over of the Premises (as defined below) by the lessor, Hassan (Cambodia) Development Co., Ltd. (the "**Lessor**"). Pursuant to the terms of the lease (the "**Lease Agreement**") entered into between the Lessor and Parkson (Cambodia) Co., Ltd ("**PCCO**"), a wholly-owned subsidiary of the Company, the Lessor was to have completed and handed over store premises in a new building to be constructed at 116D, Russian Federation Boulevard, Sangkat Srah Chak, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia (the "**Premises**") on or before 31 December 2016. As the Lessor failed to hand over the Premises by the stipulated deadline, PCCO notified the Lessor of its breaches under the Lease Agreement and commenced discussions with the Lessor for the latter to remedy the same.

Following failure by the Lessor to remedy its breaches, PCCO terminated the Lease Agreement (the "**Termination**") by notice to the Lessor. In connection with the Termination, PCCO notified the Lessor to make full refunds of the security deposit and advanced rental amounts previously paid by PCCO to the Lessor, and reserved its rights to bring further claims against the Lessor. However, the Lessor has refused to provide the said refunds requested by PCCO and instead, raised objections to PCCO's right to terminate the Lease Agreement by contesting the validity of the Termination and making further counterclaims. Parties have not been able to reach amicable resolution on these matters.

In order to enforce PCCO's rights, safeguard and protect the interests and assets of the Group, PCCO has on 15 November 2018 served a notice of arbitration on the Lessor to resolve the disputes arising out of and/or in relation to the Lease Agreement. In line with the arbitration clause in the Lease Agreement, PCCO has through its Singapore legal counsel submitted the said disputes to arbitration in Singapore before the Singapore International Arbitration Centre in accordance with the UNCITRAL Arbitration Rules.

As stated in the said annual reports of the Company for the financial years ended 30 June 2016, 2017 and 2018, the Group had already recognised the impairment losses in connection with *inter alia* the full amounts of prepaid rental, rental deposit and property, plant and equipment in respect of the Cambodia Store in view of the Delays. Accordingly, the Group does not expect the arbitration to have a material adverse effect on its operations and/or the financial performance of the Group.

The Group has sought legal advice from Cambodian legal counsel as to PCCO's rights under the Lease Agreement and intends to vigorously pursue its claims against the Lessor. The Group will continue to work closely with its legal counsels on the arbitration proceedings and will provide updates at the appropriate juncture if and when there are material developments in relation to the arbitration.

BY ORDER OF THE BOARD

Tan Sri William Cheng Heng Jem
Executive Chairman
15 November 2018