

PARKSON RETAIL ASIA LIMITED

(Co. Reg. No. 201107706H)
(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

ESTABLISHMENT OF A JOINT VENTURE

The Board of Directors wishes to announce that Parkson Retail Asia Limited and Parkson Myanmar Co. Pte. Ltd (“Parkson Myanmar”), a wholly-owned subsidiary of the Company had on 14 August 2012 entered into a memorandum of agreement (“MOA”) with Yoma Strategic Holdings Ltd. (“YSH”), a company listed on the mainboard of the Singapore Exchange Securities Trading Limited (“SGX-ST”) and First Myanmar Investment Company Limited (“FMI”), a subsidiary of Serge Pun & Associates (Myanmar) Limited (“SPA”), for the purposes of establishing a joint-venture company (“JVCo”) to operate departmental stores in the name and style of “Parkson Department Store” in Myanmar (“Proposed Joint-Venture”).

Under the MOA, Parkson Myanmar will hold 70% of the JVCo whilst YSH will hold 20% with the balance 10% to be held by FMI. The JVCo is expected to have a paid-up capital of USD3 million wherein the shareholders will contribute their respective proportionate capital.

Under the MOA, Myanmar’s first Parkson Department Store is expected to be located in FMI Centre in the Pabedan Township of Yangon, which is the center of downtown Yangon and home to two largest shopping areas in Myanmar. The store is likely to comprise four storeys with a built-up area of approximately 43,000 square feet. It is targeted to be opened for business by 31 March 2013 or such other date to be agreed upon by all parties.

In line with the Group’s expansion plans to establish and expand its network of “Parkson” stores across the South-East Asia region, the Proposed Joint-Venture will allow the Group and its partners to leverage on one another’s expertise and strengths to gain first-mover advantage in the rapidly-growing retail sector in Myanmar.

Having built strong track records over their years of operations, YSH and FMI are well-established, particularly in the real estate sector, in Myanmar. Their valuable expertise in Myanmar’s real estate sector, coupled with the Group’s strong retail expertise in operating a modern department store, will propel the growth and transformation of Myanmar’s retail sector.

Riding on the wave of positive national transformation in Myanmar, this synergistic collaboration will enable the Group to successfully tap on Myanmar’s largely under-served middle to upper income segment of the retail market.

The definitive terms will be agreed upon and finalized upon the signing of a joint-venture agreement and details of the same will be announced at the appropriate time.

The Group’s capital contribution of USD2.1 million for the joint-venture will be sourced from internally generated funds. The Proposed Joint-Venture is not expected to have a material impact on the Group’s net tangible asset and earnings per share for the financial year ended 30 June 2012.

None of the Directors or major shareholders of the Company has any interest, direct or indirect, in the Proposed Joint-Venture.