

## **ANNOUNCEMENT OF JOINT VENTURE**

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### **1. ESTABLISHMENT OF A JOINT VENTURE**

The Board of Directors (the "**Board**") of Parkson Retail Asia Limited (the "**Company**" and together with its subsidiaries, the "**Group**") refers to the announcement dated 14 August 2012 (the "**First Announcement**") relating to the entry into a memorandum of agreement for the purposes of establishing a joint venture company ("**JVCo**") to operate department stores in Myanmar. Further to the First Announcement, the Board wishes to announce that the Company's wholly-owned subsidiary, Parkson Myanmar Co. Pte. Ltd. ("**Parkson Myanmar**") has on 5 November 2011 entered into a joint venture agreement with Yoma Strategic Holdings Ltd. ("**YSH**") and First Myanmar Investment Company Limited ("**FMI**") and together with Parkson Myanmar and YSH, the "**Parties**") in relation to, among others, the establishment and operation of department stores in Myanmar.

### **2. RATIONALE FOR THE JOINT VENTURE**

In line with the Group's expansion plans to establish and expand its network of "Parkson" stores across South-East Asia, the 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. The Board believes that 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 tap on Myanmar's largely under-served middle to upper income segment of the retail market.

### **3. TERMS OF THE JOINT VENTURE**

JVCo will be a limited liability company incorporated in Singapore and subject to the approval of the Accounting and Corporate Regulatory Authority, the name of JVCo shall be "Parkson Myanmar Investment Company" or such other name as may be agreed between the Parties.

#### *Share capital and shareholding proportion*

The initial paid-up share capital of JVCo shall be US\$3, with one share in the capital of JVCo held by each of Parkson Myanmar, YSH and FMI. Subject to the fulfilment of certain conditions precedent (the "**Conditions Precedent**"), the share capital of JVCo will be increased to US\$3 million. Within five business days from the later of the fulfilment of the Conditions Precedent and the incorporation of JVCo, each of Parkson Myanmar, YSH and FMI will pay in cash subscription amounts of US\$2,099,999, US\$599,999 and US\$299,999 respectively. Following such increase in share capital and payment of subscription monies,

the shareholding proportion of Parkson Myanmar, YSH and FMI in JVCo will be 70%, 20% and 10% respectively.

In the event the Conditions Precedent are fulfilled, the subscription monies payable by Parkson Myanmar shall be funded through internal resources. The subscription amount was arrived at based on the initial capital required by JVCo to establish and operate the first department store.

#### Board composition

JVCo shall initially have five directors appointed to its board, of which three directors shall be appointed by Parkson Myanmar and one director shall be appointed by each of YSH and FMI.

#### Conditions Precedent

The subscription of the shares in the capital of JVCo by each of Parkson Myanmar, YSH and FMI and the payment of the subscription monies is conditional upon the following conditions to be fulfilled or waived on or before 30 December 2012 or such other date as the Parties shall mutually agree in writing:

- (a) the entry by JVCo or any of its subsidiaries into a lease agreement in relation to the lease of a property to be used as premises for the first department store (the "**Lease Agreement**");
- (b) entry by JVCo or any of its subsidiaries into a sub-licence agreement with the Company for the use of certain trademarks held by the Company (the "**Sub-Licence Agreement**"); and
- (c) the receipt by JVCo of all consents, approvals, permits or licences (if any), required under any and applicable laws and regulations of Myanmar, for (i) the establishment and operation of the first department store; (ii) the entry into the Lease Agreement; (iii) the entry into the Sub-Licence Agreement; and (iv) to give effect to the transactions contemplated under the Agreement, and where any such consent, approval, permit or licence is subject to conditions, such conditions being satisfactory to the Parties.

#### **4. FINANCIAL EFFECTS**

The investment in JVCo is not expected to have any material impact on the consolidated net tangible assets per share or on the consolidated earnings per share of the Company for the financial year ending 30 June 2013.

#### **5. INTERESTS OF DIRECTORS AND SUBSTANTIAL SHAREHOLDERS**

Other than through their interests in the shares of the Company, none of the directors of the Company (the "**Directors**") and, as far as the Directors are aware, none of the substantial shareholders of the Company has any interest, direct or indirect, in the above transaction.

On Behalf of the Board

Datuk Cheng Yoong Choong  
Group Managing Director

Dated: 05 November 2012

The initial public offering of the Company's shares was sponsored by the Hongkong and Shanghai Banking Corporation Limited, Singapore ("**HSBC**"). The Joint Bookrunners and Joint Underwriters were HSBC, CIMB Securities (Singapore) Pte Ltd, and the Co-Lead Manager was CLSA Singapore Pte. Ltd.