

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

**RESPONSES TO SGX QUERIES IN RELATION TO THE QUARTERLY RESULTS
ANNOUNCEMENT DATED 14 AUGUST 2023**

The Board of Directors (“**Board**”) of Parkson Retail Asia Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 14 August 2023 titled “Unaudited Condensed Interim Financial Statements for the Second Quarter and Six Months ended 30 June 2023”. The Board has received the following queries from the Singapore Exchange Securities Trading Limited, and sets out its responses below:

SGX’s Query:

The Group reported “Other receivables” of S\$33,114,000 under its non-current assets as at 30 June 2023.

In this regard, please disclose:

- (a) *The nature and breakdown of the Group’s other receivables under its non-current assets;*

Company’s Response:

Non-current assets – Other receivables

	Nature	As at 30 June 2023 S\$’000
1	Rental deposits	4,617
2	Other deposits	117
3	Deferred lease expenses	525
4	Net investments in sublease	27,855
	Total	33,114

- (b) *The underlying transactions and terms of the transactions (including contract sum) and payment terms of the underlying contracts;*

Company’s Response:

Not applicable.

(c) *Aging of the Group's other receivables;*

Company's Response:

Items 1 to 3 as shown in (a) above are of long term in nature and are not bound by any credit terms. Accordingly, these amounts are not past due and hence, no aging is prepared.

For item 4, the Group recognises net investments in sublease as a result of sublease contracts classified as finance lease. The aging is as follows:

Net investment in sublease	As at 30 June 2023 S\$'000
Year 2	3,858
Year 3	4,315
Year 4	4,652
Year 5	5,229
Year 6	5,771
Year 7	4,030
Total	27,855

(d) *The Group's plans to recover these other receivables; and*

Company's Response:

The Group monitors the movement and recoverability of these other receivables progressively, and where necessary, engage in discussions with the debtors on the recoverability of these debts.

(e) *The Board's assessment on the recoverability of these other receivables.*

Company's Response:

The Board will review these debts progressively, and will instruct the management to engage in discussion with the debtors, issue letter of demand and initiate legal action to recover the debts in the event there is an indication of non-recoverability of these debts.

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- Responses to SGX queries in relation to the quarterly results announcement dated 14 August 2023

SGX's Query:

As at 30 June 2023, the Group reported an aggregate of S\$2,865,000 of borrowings (comprising a secured bank overdraft of S\$260,000 and banker's acceptance of S\$1,342,000 and unsecured loan from third parties of S\$1,263,000) which are repayable in one-year or less, or on demand.

In addition, the Group reported that it is in a net current liabilities position of S\$39.1 million as at 30 June 2023.

In this regard:

- (a) *Please disclose the pro-active actions which management plans to take to ensure that the Company's financial position remains strong.*

Company's Response:

The Board is always mindful of the Group's current financial position and has taken the following proactive steps to continuously improve its financial position:

- (i) rationalise its operations;
- (ii) improve store productivity and operational efficiency;
- (iii) carry out tactical advertising and promotions;
- (iv) manage costs; and
- (v) close non-profitable stores and brands.

- (b) *Please assess the Company's ability to operate as a going concern.*

Company's Response:

The management is of the view that the Company/Group is able to operate as a going concern on the following bases:

- (i) the Group is able to generate sufficient cash flows from its Malaysia operations to pay its liabilities as and when they fall due;
- (ii) the management manages cashflow of the subsidiaries on overall Group basis, where necessary;
- (iii) there are no changes in the credit terms granted by suppliers and the Group intends to adhere to the average trade payable turnover days consistent with prior years; and
- (iv) the Group has cash and short term deposits of S\$99,050,000 as at 30 June 2023.

- (c) *Please assess the Company's ability to meet its debt covenants (if any).*

Company's Response:

The Company/Group will continue to monitor and improve its financial position and endeavour to comply with its debt covenants and where necessary, engage in ongoing discussions with the financial institutions on its ability to meet the debt covenants.

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(d) *Please assess the Company's ability to meet its short-term obligations when they fall due.*

Company's Response:

Further to (b) above, the Group is in a cash-based retail business and will always prioritise payments to short term obligations as and when they fall due. The Group manages its cash collection on a daily basis and at the same time looks into its cashflow forecast critically to ensure that it is in a position to meet its debts as and when they fall due. Apart from this, the Group will always endeavour to maintain cordial relationships with its suppliers to seek their continued support and understanding.

Based on the above, the Group will take necessary measures to ensure short term obligations are duly fulfilled.

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

23 August 2023