

ISETAN (SINGAPORE) LIMITED
 Company Registration No.: 197001177H
 (Incorporated in the Republic of Singapore)

RESPONSE TO QUERY REGARDING 2021 FULL YEAR FINANCIAL RESULTS

The Board of Directors (the “**Board**”) of Isetan (Singapore) Limited (the “**Company**”) refers to the query received from the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) via email on 10 March 2022 regarding the Company’s announcement on its financial results for the full year ended 31 December 2021 that was released on 28 February 2022. The Company sets out its response to the query by SGX-ST as follows:

SGX-ST Query on 10 March 2022:

It was disclosed in the unaudited FY2021 Financial Statements that the Company reported a decrease in the “Trade and other receivables” financial statement line item under its current assets from S\$6,141,000 as at 31 December 2020 to S\$5,505,000 as at 31 December 2021. The Company also reported a decrease in the “Trade and other receivables” financial statement line item under its non-current assets from S\$5,978,000 as at 31 December 2020 to S\$4,502,000 as at 31 December 2021.

At page 8, the Company provided the following:

13. Trade and other receivables

(a) Current	31.12.2021 S’000	31.12.2020 S’000
Trade receivables		
- Immediate holding corporation	60	72
- Non-related parties	1,933	2,222
- Associate	-	35
	<u>1,993</u>	<u>2,329</u>
Less: Allowance for impairment of receivables - non-related parties	(30)	(30)
	<u>1,963</u>	<u>2,299</u>
Staff loans	-	6
Interest receivable	243	444
Accrued receivables	1,104	821
Government grant receivables	203	808
Finance lease receivables	<u>1,992</u>	<u>1,763</u>
	<u>5,505</u>	<u>6,141</u>
(b) Non-Current		
Other receivables		
Finance lease receivables	4,221	5,890
Deposits	281	88
	<u>4,502</u>	<u>5,978</u>

In this regard, please disclose:

- (a) The nature and breakdown of the Company’s other receivables under its non-current assets;
- (b) Aging of the Company’s trade and other receivables under its current and non-current assets;
- (c) The Company’s plans to recover these trade and other receivables under its current and non-current assets; and
- (d) The Board’s assessment on the recoverability of these trade and other receivables.

Company's response:

Response (a)

With reference to Note 13b) of the Company's announcement, non-current other receivables comprised finance lease receivables (S\$4.22 million) pertaining to tenants at our retail store and deposits (S\$0.28 million).

Response (b)

Out of the Company's current trade receivables of S\$1.96 million, 93% is less than 30 days outstanding and 6% is less than 60 days outstanding.

Current and non-current other receivables comprised interest receivable, accrued receivables, deposits, government grant receivables and finance lease receivables relating to leases at the retail stores with contract terms between 2 to 5 years. These items are not past due as at 31 December 2021.

Response (c)

The Company's trade receivables are mainly relating to lessees which the Company has policies in place to ensure they are at an appropriate credit standing and history. The Company has good relationships with the lessees and regular communication with them regarding the outstanding balances. The Board is of the view that there would not be any major difficulty regarding the recoverability of the trade and other receivables under current and non-current assets.

Response (d)

Management regularly assesses the recoverability of the receivables, taking into account various factors such as the financial ability and condition of the debtor, security or guarantee provided on the receivables, existing trade contracts and other business dealings with the various counterparties. The Company has policies in place to ensure that leases are granted only to lessees of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk. Rental deposits are obtained to mitigate credit risks arising from tenants and management performs credit evaluation before entering into subleases of retail spaces to tenants. Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality financial institutions. Processes are in place to monitor for significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions. Impairments are made if the chances of recovery are deemed low. The Audit and Risk Committee has considered the approach and methodology applied to this assessment and is comfortable with the approach taken. The Board is in concurrence with the Audit and Risk Committee. The Board has also made a thorough review of the receivables as at 31 December 2021 and assessed that any of these receivables turning into bad debts is unlikely to be significant.

BY ORDER OF THE BOARD

LUN CHEE LEONG
COMPANY SECRETARY

14 March 2022