

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

**RESPONSES TO SGX QUERIES IN RELATION TO THE ANNOUNCEMENT
DATED 8 APRIL 2022**

The Board of Directors (“**Board**”) of Parkson Retail Asia Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) refers to the announcement dated 8 April 2022 titled "Audit Opinion by the Independent Auditor on the Audited Financial Statements for the 18 months financial period ended 31 December 2021". The Board has received the following queries from the Singapore Exchange Securities Trading Limited, and sets out its responses below.

SGX’s Queries:

- (a) *Please provide the Board’s assessment on the Company’s ability to continue as a going concern and the basis for its assessment;*

Company’s Response:

As stated in Note 2(a) to the Company’s audited consolidated financial statements for the financial period ended 31 December 2021 (“**FP2021**”), the Directors are of the view that it is appropriate to prepare the Group’s financial statements on a going concern on the following bases:

- (a) the Group will be able to generate sufficient cash flows from its Malaysia operations to pay its liabilities as and when they fall due. Management has assumed that there will not be any further significant lockdown or movement control orders in the countries where the Group operates which will cause major disruption to business operations and the recovery of business will gradually be that of pre-Covid. In particular, there are no significant changes in the economic environment and consumer sentiments from that observed subsequent to the reporting period-end and to-date, which would result in significant changes in the revenue and gross margins forecasted by management;
- (b) management intends to manage cash flows of the subsidiaries on overall Group basis, where necessary;
- (c) there are no changes in the credit terms granted by suppliers and the Group intends to adhere to the average trade payables turnover days consistent with prior years;
- (d) the Group has unutilised banking facilities of approximately SGD2,506,000 (30 June 2020 – SGD7,263,000) as of 31 December 2021 that is available for use;
- (e) on 4 April 2022, the ultimate holding company, Parkson Holdings Berhad has

entered into an arrangement with the Company for a loan facility sum of RM50,000,000 (SGD16,178,000); and

- (f) the Group has regarded the subsidiaries in the Republic of Vietnam as separate legal entities to which the resources whether financial or otherwise, is limited to the capital contribution which the Group has participated in.

Notwithstanding the above, the assumptions are subject to other factors including but not limited to general economic conditions either nationally or in regions in which the Group operates. As the assumptions were made based on conditions prevailing as at the reporting date, actual outcome may differ materially from these assumptions.

While the Company's audited consolidated financial statements for FP2021 indicate the Group's net current liabilities as at 31 December 2021 of SGD102,558,000, the Company wishes to clarify that this is a balance sheet position as of 31 December 2021 but does not mean this entire amount is due and payable immediately on 31 December 2021 or at any one single point in time over the next 12 months.

The Group will continue to improve its performance by carrying out measures including but not limited to cost cutting, closure of non-performing stores/brands/businesses and enhancement of store productivity.

Cash generation is essential and remains as a key factor for the Group to continue operating as a going concern. The Board wishes to highlight that the Group is in cash-based retail business. The Group receives streams of cash flows from its department stores operating across the regions on a daily basis. It manages its cash flows by prioritising payments to liabilities as and when they fall due, and cash flows generated from operations are used to meet the Group's current liabilities as and when they fall due. The Group will continue to manage its cash flows cautiously.

- (b) *Please provide the Board's opinion and its basis as to whether trading in the shares of the Company should be suspended pursuant to Listing Rule 1303(3); and*

Company's Response:

With reference to the Board's views as set out in (a) above, and together with the audited consolidated financial statements of the Company as set out in the Annual Report 2021, which were made available on SGXNet on 14 April 2022, the Board is of the view that trading in the shares of the Company should not be suspended pursuant to Listing Rule 1303(3).

- (c) *Please provide the Board's confirmation that the Company has made all material disclosures to ensure that its shares can continue to be traded in an orderly manner, and the basis for its assessment.*

Company's Response:

The Board confirms that the Company has made all material disclosures to ensure that its shares can continue to be traded in an orderly manner. The Company's Annual Report 2021 together with the circulars to shareholders were made publicly available on SGXNet on 14 April 2022 and provide an overview of the financial position and business

operations of the Company and the Group. The Company remains mindful of its duty to keep its shareholders updated on developments as required under the listing rules, through timely announcements (including its periodic financial results announcements).

BY ORDER OF THE BOARD

Tan Sri William Cheng Heng Jem
Executive Chairman

25 April 2022