

**RESPONSES TO QUESTIONS FROM SHAREHOLDERS IN RESPECT OF
THE COMPANY'S ANNUAL REPORT FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2024**

The Board of Directors ("**Board**") of Parkson Retail Asia Limited ("**Company**", and together with its subsidiaries, the "**Group**") refers to the questions raised by shareholders in respect of the Company's annual report for the financial year ended 31 December 2024 ("**FYE2024**"). The Company wishes to provide its responses as follows:

- Q1. Please refer to page 52 of the Annual Report about "Statements of Financial Position". Why "Right-of-use assets" of S\$128.567m is much less than total "Lease liabilities" of S\$151.971m (i.e. S\$115.902m + S\$36.069m) by -S\$23.404m or -15.4%? (Typically, Right-of-use assets should be roughly close to its total Lease liabilities; hence, a variance of -15.4% was rather high.)**

Company's Response

This is a normal occurrence for us as our leases tend to be on a longer term. For right-of-use assets, it is reduced by depreciation over a straight-line basis and also further reduced by impairment, whereas for lease liabilities, although it is reduced by lease payments made, it is also increased by accretion of interest. The variance between the right-of-use assets and lease liabilities is mainly due to the different accounting treatment in arriving at the depreciation of right-of-use assets and the accretion of interest in lease liabilities.

- Q2. Was the variance mainly due to "Lease modifications" of -S\$23.264m (per page 110 of the Annual Report about "Leases")? If so, how was -S\$23.264m specifically being determined, such that Lease liabilities exceed Right-of-use assets by S\$23.264m as at FYE2024 without a corresponding increase in Right-of-use assets?**

Company's Response

The "Lease Modifications" is unrelated to the variance mentioned in Q1. There is a corresponding increase in right-of-use assets by the same amount, this can be seen on page 109 of the Annual Report.

- Q3. Please refer to page 53 of the Annual Report about "Statements of Financial Position". At "The Group" level, how have the Board and Management planned to square-off the "Accumulated losses" of -S\$35.673m as at FYE2024? Mainly with the "Profit from continuing operations, net of tax" only?**

Company's Response

Yes, currently our focus is to improve "Profit from continuing operations, net of tax". We have improved 59.7% from the previous year and we expect this trend to continue, barring any unforeseen circumstances.

- Q4. Please refer to page 105 of the Annual Report about "Trade and other payables", particularly "Amounts due to ultimate holding company/related companies/a subsidiary". How is the "interim single tier tax dividend of SGD9,583,000 (RM32,800,000) to the Company" declared by the wholly-owned subsidiary, Parkson Corporation Sdn Bhd on 30 October 2024 being determined?**

Company's Response

The subsidiary declared a dividend of RM0.40 per share, taking into account its profitability during the financial year.

- Q5. Please refer to page 137 of the Annual Report about "Fair value measurement", particularly "Fair value measurement of financial instruments". For the "Unquoted equity securities" (which I presumed is mainly Parkson Corporation Sdn Bhd), the "Dividend yield" was only "20% - 30%" for FYE2024. What plans do the Board and Management have to increase its dividend yield?**

Company's Response

This refers to the equity securities held in Lion Insurance Company Limited ("Lion Insurance"), under Note 11 on Page 101. The dividend yield will depend on the available profits of Lion Insurance.

- Q6. Please refer to page 53 of the Annual Report about "Statements of Financial Position". At "The Company" level, how have the Board and Management planned to square-off the "Accumulated losses" of -\$77.384m as at FYE2024? Other than mainly declaring an interim single tier tax dividend from wholly-owned subsidiary Parkson Corporation Sdn Bhd, has the Board ever considered share Capital Reduction to square-off Accumulated Losses (e.g. like what another SGX-listed ISOTeam has done)? Moreover, are there any other means?**

Company's Response

We will look into share capital reduction. There are no other means at this juncture.

- Q7. In Parkson Retail Asia's IPO Prospectus, it was once stated that "We aim to pay dividends ... of between 40.0% and 50.0% of our Company's distributable profit". When does the Board of Directors plan to restore the dividend payout ratio of at least 40.0% (back to her glorious days)?**

Company's Response

The Company and the Group continue to recover steadily from past losses, including those incurred during the COVID-19 period. Our target is to maintain strong performance in 2025 while striving to reward shareholders through dividend payments as soon as the Company achieves a stronger financial position.

Q8. Since Resolution No. 9 is on “Proposed Renewal of the Share Purchase Mandate”, has the Board of Directors also considered using some cash (e.g. from Interest income on short-term deposits) to do share buybacks to enhance Total Shareholders’ Return? This will also help to ensure the Company stays above S\$40 million market capitalisation.

Company’s Response

We do not currently have an active share buy-back plan in place. At this time, our current focus remains on enhancing operational performance. However, we will evaluate the option should the need arise.

Q9. Please refer to page 125 of the Annual Report about “Segment information”. For “Retail stores”, how many % of the S\$212.107m “Sales to external customers” in 2024 was derived from the health and wellness category? Will the Board and Management be focusing more on the health and wellness trend going forward? (Similar to Guardian/ Watson’s/ etc)

Company’s Response

We have not gone into health and wellness business all these years as we have been focusing mainly on departmental stores. However, we may consider in the future should such expertise becomes available.

Q10. Please refer to page 3 of the Annual Report about “Chairman’s Statement”. It was stated that “The weaker performance is mainly attributable to ... as well as the weakened spending power of consumers.” Do the Board and Management have any counter-measures? Such as more aggressively introducing more budget-tier products for the budget-conscious customers during this season?

Company’s Response

Since the reopening of the market after the intermittent Covid-19 lock-down years, we saw a pent up revenge spending spree in 2022/23 but it somewhat slowed down in 2024 with the continuous spike in the inflation rate due the rising food prices and other essentials, the rationalisation of subsidies and shifting in spending patterns from shopping to travelling and leisure. With the reduced disposable income, we also saw shoppers trading down in their shopping habits as we witnessed a 5.5% increase in the sales transaction count but a corresponding reduction of 5.2% in the units sold. We have taken proactive action to add more "value for money" products in our offerings as our average unit value of products sold have gone down by 1.3%. Apart from addressing the lackluster market situation, we are also doing the month end voucher promotion to stir the market appetite.

Q11. How had the stores’ footfall trend been in FY2024? Has Parkson Retail Asia ever tested strategies such as IKEA’s or Costco’s flagship product, the wildly popular US\$1.50 hot dog-and-soda combo, to increase human traffic?

Company's Response

Under such a lackluster market, the footfall had fallen, but the good news is that the transaction count had increased, indicating a higher success rate for the shopping traffic.

In Malaysia, most shopping malls already have a very high percentage of food and beverage business and a small clustering inside the department stores does not seem to work. For IKEA and Costco, it may be conducive as most of their stores are stand alone.

Q12. Have the Board and Management approached Financial Institutions or Atome/ GrabPay/ HSBC/ iPay88/ GHL Systems/etc to implement more Buy-Now-Pay-Later (BNPL) schemes, especially for higher ticket items?

Company's Response

We have considered but the cost is about 4% which is more than half of our net profit margin. In view of Malaysia's high household debt of RM1.63 trillion which is 84.2% of our GDP in 2024, as a responsible retailer, we should abstain from making the situation worse.

Q13. Please refer to page 123 of the Annual Report about "Commitments". How will the "capital commitments" trend be like over the next 2-3 years? How will they be funded?

Company's Response

We expect capital commitments to be on an uptrend. Our capital commitments are in the form of renovation for existing stores to maintain a comfortable shopping environment and potential new sites when opportunities come along. We are also in the process of upgrading and replacing our aged information technology system since the 1990s. All these will be funded by internally generated funds.

Q14. Please refer to page 48 of the Annual Report about "Key Audit Matter". May I ask the Audit Committee why suddenly were there "expected credit losses of SGD3,457,000 (2023 – Nil) for these advances to PLSB (Parkson Lifestyle Sdn Bhd) and SGSB (Solid Gatelink Sdn Bhd) in the financial year ended 31 December 2024"?

Company's Response

We do not expect these companies to be able to repay the advances in the near future as PLSB currently has a low profitability and SGSB is making losses. Accordingly, we have provided for expected credit losses as a prudent measure.

Q15. Please refer to page 98 of the Annual Report about "Trade and other receivables", especially "Rental deposits". May I ask the Audit Committee is there any progress in the recovery of "SGD3,231,000 in respect of rental deposit of a planned store in Cambodia" although that was way back in 2017?

Parkson Retail Asia Limited

- Responses to questions from shareholders in respect of the Company's Annual Report for the financial year ended 31 December 2024

Company's Response

The legal proceeding against the lessor to recover, among other things, the deposit and advance rental paid is ongoing. Please refer to Note 35 on Page 138 of the Annual Report.

For and on behalf of the Board

PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

18 April 2025