

**RESPONSES TO QUERIES FROM SECURITIES INVESTORS ASSOCIATION
(SINGAPORE) IN RESPECT OF THE COMPANY'S ANNUAL REPORT FOR THE
FINANCIAL YEAR ENDED 31 DECEMBER 2025**

The Board of Directors (“**Board**”) of Parkson Retail Asia Limited (“**Company**”, and together with its subsidiaries, the “**Group**”) refers to the queries raised by the Securities Investors Association (Singapore) (“**SIAS**”) in respect of the Company’s annual report for the financial year ended 31 December 2025. The Company wishes to provide its responses to the queries from SIAS as below:

SIAS Query 1

As shown in the financial highlights, excluding the 18-month financial period ending 31 December 2021, all core financial metrics have trended downwards from FY2022 through to FY2025. This sustained contraction in revenue and profitability suggests a structural rather than a merely cyclical challenge to the group's business model.

Company’s Response

The general market consensus is that the sustained contraction is largely attributable to the increase in the cost of living caused by inflationary pressures and the removal of subsidies on certain daily essentials, which have reduced the disposable income for discretionary spending.

The group opened two new department stores in FY2025 and added approximately 8,000 sqm of gross floor area.

- (i) **Can management outline the specific quantitative and qualitative criteria used to evaluate new store openings in the current climate, including the internal hurdle rates and payback periods applied to justify the two recent store openings?**

Company’s Response

On the qualitative side, key considerations include the location and accessibility of the mall, including ingress and egress, the mall's size, tenant mix and the track record of the mall's management. On the quantitative side, management assesses the primary catchment population within a 5km and 20km radius, projected footfall and expected sales performance. Each new store opening is evaluated against internal hurdle rates and target payback periods to ensure it meets the criteria before a decision is made. While specific hurdle rates and payback periods applied are confidential, management is satisfied that both recent store openings met the required criteria and are expected to contribute positively to overall performance.

- (ii) **How much capital has been invested in these two new stores?**

Company’s Response

A total of RM3 million of capital expenditure was invested into these two new stores.

- (iii) **How does the board and management assess the long-term viability of the physical department store business? To what extent is the current strategy focused on stabilisation and disciplined cash flow management from a structurally challenging segment, or does the board genuinely believe active reinvestment can reverse the trajectory?**

Company's Response

The Board and management remain cautiously optimistic about the long-term viability of the department store business. We believe that reinvestment, coupled with disciplined execution, can drive sustainable growth. This is reflected with our ongoing initiatives including new store openings, store refreshes and renovations, merchandise mix optimisation, cost rationalisation and active pursuit of opportunities to expand our store network. The Board is confident that these efforts will deliver long-term value to its shareholders.

Sourcing suitable locations for new store openings is a deliberate and selective process, as viable opportunities are contingent on the availability of the right space in the right location. With new mall developments becoming increasingly limited, the Group remains vigilant in monitoring the market and moves decisively to seize opportunities where they meet our investment criteria and risk assessment thresholds.

SIAS Query 2

The group operates the Parkson Card loyalty programme, which enables customers to accumulate points when making purchases but also serves as a platform to allow management to understand customer demographics (including age and geographic distribution) and purchasing behaviour.

- (i) **Can management provide an update on the growth and scale of the loyalty programme, including the number of active members and their contribution to total sales? What insights does the data provide on customer demographics, particularly age cohorts and spending behaviour, and are there any observable trends in the profile of active shoppers over time?**

Company's Response

We currently have 2.4 million Parkson Card members, with an annual growth of about 2% to 3%. They contribute to approximately 36% of total sales. Beyond age cohorts and spending behaviour, the data has provided valuable insights including basket size, average units per transaction and average transaction value. This has enabled management to calibrate the merchandise mix, deliver targeted promotions and curated events across all age groups while remaining responsive to the evolving spending patterns. Notably, we are observing gradual shift in our member profile towards younger age groups.

- (ii) **In addition, what level of engagement is the group observing across its digital and social media platforms? How does management measure the effectiveness of these channels in driving traffic, conversion and repeat purchases, and what proportion of sales can be attributed to such initiatives?**

Company's Response

We maintain an active presence across key digital and social media platforms, where we observed growing engagement in terms of audience reach and follower growth. The effectiveness of these channels is primarily measured by monitoring sales performance during promotional periods, which provides a practical indicator of how digital and social media initiatives translate into sales. We will continue to leverage these platforms to drive engagement and support our promotional campaigns and events.

- (iii) **Separately, as artificial intelligence becomes increasingly embedded across virtually every sector of the economy, is the group actively exploring or deploying AI-driven solutions, such as customer targeting, inventory management, pricing or in-store operations, within the business? What measurable benefits have been achieved to date, and what is the expected impact on sales, margins or cost efficiency?**

Company's Response

At this juncture, the Group has taken initial steps in adopting simple AI-driven solutions to support its administrative and operational functions. While we do not anticipate material financial impact from AI adoption in the near term, we continue to monitor developments in this space and will evaluate opportunities that are relevant and beneficial to our business as they arise.

SIAS Query 3

The internal audit function is led by the chief auditor, whose profile is set out on page 13 of the annual report. The chief auditor has approximately 18 years of experience within the group's internal audit department and is identified as key management personnel.

- (i) **What is the size, composition and experience profile of the internal audit team? How does the audit committee assess whether the team is adequately resourced, both in terms of headcount and skill sets, to cover the group's key risk areas?**

Company's Response

The internal audit function comprises a team of four, including the Chief Auditor. The team holds relevant professional qualifications including Association of Chartered Certified Accountants and membership of the Institute of Internal Audit Malaysia, with academic backgrounds in accounting, finance and audit.

The Audit Committee ("AC") assesses the adequacy of the internal audit function through an annual internal audit plan prepared by the Chief Auditor and submitted to the AC for review and approval. This process ensures that the team's scope, function, resources and competencies are aligned with the Group's key strategic objectives and risk profiles of the auditable units for the year.

- (ii) **Given the tenure of the chief auditor, how does the audit committee assess independence and objectivity within the internal audit function? Has the committee considered periodic rotation or external benchmarking to strengthen independence?**

Parkson Retail Asia Limited

- Responses to queries from SIAS in respect of the Company's Annual Report for the financial year ended 31 December 2025

Company's Response

The AC is mindful of the Chief Auditor's tenure and the importance of maintaining independence and objectivity within the internal audit function. The AC is satisfied that independence is preserved through several safeguards, including the Chief Auditor's direct reporting line to the Chairman of the AC, the AC's authority over the appointment, removal, performance evaluation and remuneration of the Chief Auditor, and the internal audit department's unfettered access to all of the Group's documents, records and personnel. The AC also reviews the independence, adequacy and effectiveness of the internal audit function on a quarterly basis.

While periodic rotation and external benchmarking have not been formally considered, the AC will continue to monitor the adequacy of the current arrangements and will consider such measures as and when appropriate.

- (iii) Can the audit committee elaborate on the scope of internal audit work performed in FY2025? What were the key findings, significant control deficiencies identified, if any, and the status of remediation actions?**

Company's Response

In FY2025, the internal audit function conducted risk-based audit engagements across the Group, covering key areas including procurement, leasing and tenancy, business process reviews, regulatory compliance and operational reviews. Key risks identified included rising operational costs largely due to the expanded scope of the sales and service tax, regulatory complexity, changing consumer behaviour, cybersecurity and weakening consumer spending.

No significant findings and control deficiencies were identified during the year. Where observations and recommendations were raised, action plans were developed and are being continuously monitored and followed up by the internal audit department in accordance with the agreed timelines.

For and on behalf of the Board
PARKSON RETAIL ASIA LIMITED

Tan Sri William Cheng Heng Jem
Executive Chairman

17 April 2026