

PARKSON RETAIL ASIA LIMITED

(Co. Reg. No. 201107706H)

(Incorporated in the Republic of Singapore)

ANNOUNCEMENT

RESPONSE TO SGX QUERY ON ANNOUNCEMENT OF THE UNAUDITED FINANCIAL STATEMENTS FOR THE FULL FINANCIAL YEAR ENDED 30 JUNE 2013

The Board of Directors (the "**Board**") of Parkson Retail Asia Limited (the "**Company**" or "**PRA**") wishes to announce its response to the query raised by the Singapore Exchange Securities Trading Limited ("the SGX") in connection with the announcement made by the Company on 21 August 2013, with regards to the unaudited financial statements for the full financial year ended 30 June 2013.

Query

The revenue for the year ended 30 June 2013 increased by about 3.2% as compared to the year ended 30 June 2012. However, we note that the trade and other receivables have increased by about 23.0% to S\$35.4 million as at 30 June 2013. Please explain the reason(s) for the increase in trade and other receivables and whether the Company foresees any issue with the collection of these debts.

Response to Query

The trade and other receivables increased by about 23.0% or S\$6.6 million due significantly to the inclusion of advance rentals to secure tenancies for 6 new stores in Indonesia amounting to S\$6.2 million. The practice in Indonesia to secure tenancy is to pay a certain percentage of the total rent upfront to the landlord by way of advance rental. Such advance rental is then allowed to be set-off against the actual monthly rent upon commencement of tenancy. We do not foresee any issue on the recoverability of the Group's advance rentals as these are secured by way of rental agreements with established and reputable property owners. As for the balance of the trade and other receivables amount, we also do not foresee any recoverability issue as these consist largely of receivables from reputable companies/authorities (e.g. credit card receivables, VAT receivables, deposits for utilities) and/or are secured over adequate collaterals.

After further consideration, the appropriate classification for the said advance rentals of S\$6.2 million should be under 'Prepayments' rather than 'Trade and other receivables', and these balance sheet re-classifications shall be reflected in the audited financial statements to be issued.

BY ORDER OF THE BOARD

PARKSON RETAIL ASIA LIMITED

Mr Toh Peng Koon
Chief Executive Officer

28 August 2013

The initial public offering of the Company's shares was sponsored by The Hongkong and Shanghai Banking Corporation Limited, Singapore ("HSBC"). The Joint Bookrunners and Joint Underwriters were HSBC, CIMB Securities (Singapore) Pte Ltd, and the Co-Lead Manager was CLSA Singapore Pte. Ltd. HSBC assumes no responsibility for the contents of this Announcement.