PARKSON HOLDINGS BERHAD

A Member of Lion Group (89194-P)

Laporan Tahunan

2016

Annual Report

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the Thirty-Third Annual General Meeting of Parkson Holdings Berhad will be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur on 23 November 2016 at 9.00 am for the following purposes:

AGENDA

1. To receive the Directors' Report and Audited Financial Statements for the financial year ended 30 June 2016. **Note 1**

2. To approve the payment of Directors' fees amounting to RM236,200 (2015: RM215,000). **Resolution 1**

3. To re-elect Directors:

   In accordance with Article 98 of the Company's Articles of Association, the following Directors retire by rotation and, being eligible, offer themselves for re-election:

   Y. Bhg. Tan Sri Abdul Rahman bin Mamat **Resolution 2**
   Mr Yeow Teck Chai **Resolution 3**

4. To consider and, if thought fit, pass the following resolution pursuant to Section 129(6) of the Companies Act, 1965 as an Ordinary Resolution:

   "THAT pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng be and is hereby re-appointed Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 4**

5. To re-appoint Auditors to hold office until the conclusion of the next annual general meeting and to authorise the Directors to fix their remuneration. **Resolution 5**

6. Special Business

   To consider and, if thought fit, pass the following resolutions as Ordinary Resolutions:

6.1 Retention of Independent Non-Executive Director

   "THAT subject to the passing of Resolution 3, Mr Yeow Teck Chai who has served as an independent non-executive Director of the Company for more than nine (9) years, be and is hereby retained as an independent non-executive Director of the Company to hold office until the next annual general meeting of the Company." **Resolution 6**

6.2 Authority to Directors to Issue Shares

   "THAT pursuant to Section 132D of the Companies Act, 1965 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the issued and paid-up capital of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 7**

6.3 Proposed Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be and is hereby given for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of Part A of the Circular to Shareholders of the Company dated 31 October 2016 ("Related Parties") which has been despatched to the shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 8**

THAT authority conferred by this ordinary resolution will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by a resolution passed at the meeting, the authority is renewed;

(ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 143(1) of the Companies Act, 1965 (but must not extend to such extension as may be allowed pursuant to Section 143(2) of the Companies Act, 1965); or

(iii) revoked or varied by resolution passed by the shareholders of the Company in general meeting,

whichever is the earlier; and

THAT the Directors of the Company be and are hereby authorised to complete and do all such acts and things to give effect to the transactions contemplated and/or authorised by this ordinary resolution."

6.4 Proposed Renewal of Authority for Share Buy-Back

"THAT, subject to the Companies Act, 1965, the provisions of the Articles of Association of the Company, the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements and the approvals of all relevant authorities, the Company be and is hereby authorised to buy back such number of ordinary shares of RM1.00 each in the Company ("Shares") as may be determined by the Directors of the Company from time to time through Bursa Securities upon such terms and conditions as the Directors may deem fit and expedient in the interest of the Company, provided that: **Resolution 9**

(i) the aggregate number of shares bought back and/or held by the Company does not exceed 10% of the total issued and paid-up capital of the Company at any point of time provided always that in the event the Company ceases to hold all or any part of such shares as a result of, amongst others, cancellation of shares, sale of shares on the market of Bursa Securities or distribution of treasury shares to shareholders as dividend in respect of shares bought back under the previous shareholders' mandates for share buy-back which were obtained at the previous Annual General Meetings held on or before 24 November 2015, the Company shall be entitled to further purchase and/or hold such additional number of shares as shall (in aggregate with the shares then still held by the Company) not exceed 10% of the total issued and paid-up capital of the Company; and

(ii) the maximum funds to be allocated for the share buy-back shall not exceed the retained profits or the share premium account of the Company or both, based on its latest audited financial statements available up to the date of the share buy-back transaction

(hereinafter referred to as the "Proposed Share Buy-Back"); and

THAT authority conferred by this ordinary resolution shall commence immediately upon the passing of this resolution and will only continue to be in force until:

(i) the conclusion of the next annual general meeting of the Company at which time it will lapse, unless by ordinary resolution passed at that meeting, the authority is renewed, either unconditionally or subject to conditions; or

(ii) the expiration of the period within which the next annual general meeting after that date is required by law to be held; or

(iii) revoked or varied by ordinary resolution passed by the shareholders of the Company in general meeting,

whichever occurs first; and

THAT authority be and is hereby given to the Directors of the Company to decide in their absolute discretion to cancel the Shares so purchased by the Company, to retain the Shares so purchased as treasury shares, or to retain part of such Shares so purchased as treasury shares and cancel the remainder, and to distribute the treasury shares as share dividends and/or resell the treasury shares on the market of Bursa Securities;

AND THAT the Directors of the Company be and are hereby authorised to do all such acts and things and to execute all necessary documents, to give full effect to the Proposed Share Buy-Back with full power to assent to or make any modifications, variations and/or amendments as may be required by the relevant authorities or as may be deemed necessary by the Directors and to take all steps and actions as may be required by the relevant authorities and as the Directors may deem necessary and expedient to finalise, implement and give full effect to the Proposed Share Buy-Back."

7. To transact any other business for which due notice shall have been given.

By Order of the Board

CHAN POH LAN
LIM KWEE PENG
Secretaries

Kuala Lumpur
31 October 2016

Notes:

1. *Agenda Item 1*

   This item of the Agenda is meant for discussion only. The provisions of Section 169 of the Companies Act, 1965 require that the Directors' Report and the Audited Financial Statements be laid before the Company at its Annual General Meeting. As such, this Agenda item is not a business which requires a resolution to be put to vote by shareholders.

2. *Proxy*

   - *In respect of deposited securities, only Members whose names appear in the Record of Depositors on 16 November 2016 shall be eligible to attend the Meeting.*

   - *A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.*

     Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

   - *The instrument of proxy shall be deposited at the Office of the Registrar of the Company, Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.*

   - *Completed Form of Proxy sent through facsimile transmission shall not be accepted.*

3. *Circular to Shareholders dated 31 October 2016 ("Circular")*

   Details on the following are set out in the Circular enclosed together with the 2016 Annual Report:

   (i) *Part A - Proposed Shareholders' Mandate for Recurrent Related Party Transactions*

   (ii) *Part B - Proposed Renewal of Authority for Share Buy-Back*

4. *Resolution 6*

   The Board assisted by the Nomination Committee, has assessed the independence of Mr Yeow Teck Chai who has served on the Board as an independent non-executive Director of the Company for more than nine (9) years and has recommended that the approval of the shareholders be sought to retain Mr Yeow as an independent non-executive Director as he possesses the following attributes necessary in discharging his roles and functions as an independent non-executive Director of the Company:

   (i) *Fulfils the criteria of an independent Director as defined in the Bursa Malaysia Securities Berhad Main Market Listing Requirements.*

   (ii) *Has served the Board for more than nine (9) years and therefore possesses greater insights and knowledge of the businesses, operations and growth strategies of the Group.*

   (iii) *Challenges Management in an effective and constructive manner, providing a check and balance, and bringing independent and objective judgement to the Board deliberation.*

   (iv) *Performs his duties as a Director without being subject to influence of Management.*

   (v) *Participates in Board and Board Committees deliberations and provides an independent voice to the Board.*

   (vi) *Exercises due care in all undertakings of the Group and carries out his professional duties in the interest of the Company and stakeholders.*

5. *Resolution 7*

   This approval will allow the Company to procure the renewal of the general mandate ("General Mandate") which will empower the Directors of the Company to issue shares in the Company up to an amount not exceeding in total 10% of the issued and paid-up capital of the Company. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 24 November 2015 which will lapse at the conclusion of this Annual General Meeting.

   The General Mandate will provide flexibility to the Company for any possible fund raising activities, including but not limited to placing of shares for purposes of funding future investment projects, working capital and/or acquisitions.

6. *Resolution 8*

   This approval will allow the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in paragraph 3.2 of Part A of the Circular, which are necessary for the Group's day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

7. *Resolution 9*

   This approval will empower the Directors of the Company to purchase the Company's shares up to 10% of the issued and paid-up capital of the Company at any point of time. This authority, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

STATEMENT ACCOMPANYING NOTICE OF ANNUAL GENERAL MEETING

Details of the Director standing for re-appointment at the Thirty-Third Annual General Meeting of the Company are set out in the Directors' Profile on page 6 of the 2016 Annual Report.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Tan Sri William H.J. Cheng *(Chairman and Managing Director)* Ms Cheng Hui Yen, Natalie *(Executive Director)* Y. Bhg. Tan Sri Abdul Rahman bin Mamat Cik Zainab binti Dato' Hj. Mohamed Mr Yeow Teck Chai Mr Ooi Kim Lai
Secretaries	:	Ms Chan Poh Lan Ms Lim Kwee Peng
Company No	:	89194-P
Registered Office	:	Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Tel No : 03-21420155 Fax No : 03-21413448 Website : www.lion.com.my/parkson
Share Registrar	:	Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	:	Ernst & Young Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur
Principal Bankers	:	HSBC Amanah Malaysia Berhad CIMB Bank Berhad Industrial and Commercial Bank of China (Malaysia) Berhad Malayan Banking Berhad
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	:	PARKSON
Bursa Securities Stock No	:	5657
Reuters Code	:	PRKN.KL
ISIN Code	:	MYL5657OO001

DIRECTORS' PROFILE

Tan Sri William H.J. Cheng
Non-Independent Chairman and Managing Director

Y. Bhg. Tan Sri William H.J. Cheng, a Malaysian, male, aged 73, was appointed to the Board on 30 March 1989. He was appointed the Managing Director and the Chairman of the Company on 16 August 2006 and 13 November 2006 respectively.

Tan Sri William Cheng has more than 40 years of experience in the business operations of the Lion Group encompassing retail, branding, food and beverage, credit financing, property development, mining, steel, tyre, motor, agriculture and computer industries.

Tan Sri William Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012 and is now a Life Honorary President of ACCCIM and KLSCCCI. He is also a Trustee of ACCCIM's Socio-Economic Research Trust, and the President of Malaysia Retailers Association and Malaysia Steel Association.

Tan Sri William Cheng's other directorships in public companies are as follows:

- Chairman of Lion Diversified Holdings Berhad and Lion Forest Industries Berhad, both public listed companies
- Chairman and Managing Director of Lion Corporation Berhad
- Chairman of ACB Resources Berhad
- Founding Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes.

Tan Sri William Cheng has a direct shareholding of 297,853,526 ordinary shares of RM1.00 each in the Company ("Parkson Shares") and an indirect interest in 348,274,235 Parkson Shares. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 201 of this Annual Report.

Tan Sri William Cheng is the father of Ms Cheng Hui Yen, Natalie, the Executive Director of the Company, and the uncle of Y. Bhg. Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Tan Sri William Cheng attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2016.

Cheng Hui Yen, Natalie
Executive Director

Ms Cheng Hui Yen, Natalie, a Malaysian, female, aged 33, was appointed the Executive Director of the Company on 26 August 2015.

Ms Cheng graduated with a Bachelor of Arts in Media and Communications from the University of Melbourne, Australia in 2004.

Ms Cheng joined Parkson Corporation Sdn Bhd in 2005 as an Assistant Buyer in the Cosmetics and Fragrances Department followed by the Gents and Sports Departments, and currently, she heads the Merchandising Department as Director - Merchandising. Prior to joining Parkson, Ms Cheng who is fluent in Mandarin had worked for Saatchi & Saatchi Beijing in the People's Republic of China as an intern in the Strategic Planning Department before returning to Malaysia.

Apart from overseeing Parkson's Merchandising Department in Malaysia, Ms Cheng regularly visits the Parkson stores in China, Indonesia and Vietnam to keep abreast of the retail scene in these countries as well as in Malaysia for the improvement of the Parkson stores.

Ms Cheng has a direct shareholding of 50,000 ordinary shares in Parkson Retail Asia Limited, a subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited.

Ms Cheng is the daughter of Y. Bhg. Tan Sri William H.J. Cheng who is the Chairman, Managing Director and a major shareholder of the Company, and a cousin of Y. Bhg. Tan Sri Cheng Yong Kim, a major shareholder of the Company.

Ms Cheng attended the five (5) Board Meetings of the Company held during the financial year ended 30 June 2016 subsequent to her appointment.

Tan Sri Abdul Rahman bin Mamat
Independent Non-Executive Director

Y. Bhg. Tan Sri Abdul Rahman bin Mamat, a Malaysian, male, aged 63, was appointed to the Board on 14 March 2011. He is also the Chairman of the Remuneration Committee and a member of the Audit Committee of the Company.

Tan Sri Abdul Rahman graduated with a Bachelor of Economics (Honours) from University Malaya, Malaysia in 1975 and has an Advanced Management Programme qualification from Harvard Business School, Boston, the United States of America in 2004.

Tan Sri Abdul Rahman joined the Ministry of International Trade and Industry ("MITI") as an Assistant Director on 18 April 1975 and served in various capacities in MITI for 35 years before retiring in December 2010 which included: (1) Deputy Trade Commissioner, Malaysian Trade Office, New York, the United States of America; (2) Director of Trade, Malaysian Trade Centre, Taipei, Taiwan; (3) Economic Counsellor/Trade Commissioner and Deputy Permanent Representative to the United Nations Economic and Social Commission (ESCAP), Malaysian Trade Office, Bangkok, Thailand; (4) Special Assistant to the Minister of International Trade and Industry, Tan Sri Rafidah binti Abdul Aziz; (5) Chairman of Malaysia External Trade Development Corporation (MATRADE); (6) Director of Industries; (7) Senior Director, Policy and Industry, Services Division; (8) Deputy Secretary-General (Industry); and (9) Secretary-General of MITI.

During his tenure in MITI, he also served as MITI's representative on the board of various companies and corporations including Malaysian Industrial Development Authority (MIDA), MATRADE, Johor Corporation, Regional Economic Development Authority (RECODA), Sarawak and Small and Medium Corporation, Malaysia (SME CORP), Pahang State Economic Development Corporation and Malaysian Technology Development Corporation (MTDC).

Tan Sri Abdul Rahman has represented Malaysia in numerous international meetings, negotiations, conferences and symposiums and has also contributed towards formulating, implementing and monitoring policies and programmes on international trade and industrial growth as well as entrepreneurship development. He was an honorary member of the ASEAN Federation of Engineering Organisations, a Malaysian Leader for the High Level Task Force on ASEAN Economic Integration and is the Chairman of the Advisory Board of the International Council for SME & Entrepreneurship-Malaysia.

He currently serves on the board of several private limited companies involved in manufacturing, retail and services sectors covering global logistics, petrochemical, healthcare and oil, gas and energy.

Tan Sri Abdul Rahman's other directorships in public companies are as follows:

- Chairman of Hiap Teck Venture Berhad, Dagang NeXchange Berhad and Bioalpha Holdings Berhad, all public listed companies
- Chairman of Malaysian Industrial Development Finance Berhad
- Trustee of Enactus Malaysia Foundation, a non-profit organisation aimed at grooming university students into future leaders

Tan Sri Abdul Rahman attended five (5) of the six (6) Board Meetings of the Company held during the financial year ended 30 June 2016.

Zainab binti Dato' Hj. Mohamed
Independent Non-Executive Director

Cik Zainab binti Dato' Hj. Mohamed, a Malaysian, female, aged 59, was appointed to the Board on 23 November 2012. She is also the Chairman of the Company's Audit Committee and a member of the Nomination Committee, Remuneration Committee and Executive Share Option Scheme Committee of the Company.

Cik Zainab graduated with a Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978 and studied at the London School of Accountancy, England for the Association of Chartered Certified Accountants qualification from 1979 to 1981. She is a Fellow Member of the Association of Chartered Certified Accountants and a Chartered Accountant with the Malaysian Institute of Accountants.

Cik Zainab has more than 33 years of experience in the audit and finance fields holding various positions in an audit firm, a commercial bank, an investment and holding company, a petroleum multinational company, a general insurance company and a solid waste management concessionaire.

Currently, she manages her own management and consultancy firm, ANZ Consultancy Services.

Cik Zainab attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2016.

Yeow Teck Chai
Independent Non-Executive Director

Mr Yeow Teck Chai, a Malaysian, male, aged 66, was appointed to the Board on 16 August 2006. He is also the Chairman of the Nomination Committee and Executive Share Option Scheme Committee, and a member of the Audit Committee and Remuneration Committee of the Company.

Mr Yeow graduated with a Bachelor of Economics (Hons) from the University of Malaya.

Mr Yeow served the Malaysian Industrial Development Authority ("MIDA") for 32 years and held the post of Deputy Director General prior to his retirement in August 2006. He was responsible for the promotion, coordination and development of the manufacturing and services sectors in MIDA.

He is also a Director of Globetronics Technology Berhad, a public listed company.

Mr Yeow attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2016.

Ooi Kim Lai
Non-Independent Non-Executive Director

Mr Ooi Kim Lai, a Malaysian, male, aged 49, was appointed to the Board on 12 May 2014. He is also a member of the Nomination Committee and Remuneration Committee of the Company.

Mr Ooi graduated with a Diploma in Accountancy from Tunku Abdul Rahman College, and is a Fellow Member of the Association of Chartered Certified Accountants and a member of the Malaysian Institute of Accountants.

Mr Ooi started his career in 1991 as an auditor in a public accounting firm and joined the Lion Group in 1993 as Group Accountant. Mr Ooi was the Group Chief Accountant before his appointment as Group Director of the Lion Group in January 2016 and is responsible for the accounting and financial management of certain listed companies in Malaysia and overseas within the Lion Group. He is also actively involved in the corporate exercises of the Lion Group including initial public offerings (IPOs), corporate restructuring, mergers and acquisitions, and undertakes investor relations by engaging with fund managers and analysts on various industries covering retail, branding, food and beverage, credit financing, property development, mining, steel and services.

Mr Ooi is also a Director of Lion Diversified Holdings Berhad, a public listed company.

Mr Ooi has a direct shareholding of 197 ordinary shares of RM1.00 each in the Company.

Mr Ooi attended all six (6) Board Meetings of the Company held during the financial year ended 30 June 2016.

Save as disclosed above, none of the Directors has (i) any interest in shares in the Company or its subsidiaries; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interests with the Company; and (iv) any conviction for offences within the past five (5) years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

PROFILE OF KEY SENIOR MANAGEMENT

Law Boon Eng
Malaysian, male, 59 years of age

Mr Law Boon Eng was appointed the Acting Chief Operating Officer of the Group's retail operations in Malaysia on 1 October 2014 and assumed the position of the Chief Operating Officer in 2015.

Mr Law graduated with a Diploma in Management from Curtin University, Australia in 1992 and was a member of the Chartered Management Institute, United Kingdom.

Mr Law first joined the Group's Malaysia operations in 1988 as a Divisional Merchandising Manager and was appointed the General Manager of Merchandising and Marketing Department in 1996. Mr Law left the Group in 2001 and re-joined the Group as Acting Chief Operating Officer in 2014. Mr Law has more than 30 years of experience in the retail industry. Prior to joining the Group, Mr Law held various senior positions in other major retail groups in Malaysia, including Chief Operating Officer and Executive Director of Ngiu Kee Corporation Bhd from 2001 to 2003 and Executive Director of Asia Brands Corporation Berhad from 2003 to 2007.

Chong Sui Hiong, Shaun
Malaysian, male, 49 years of age

Mr Chong Sui Hiong, Shaun was appointed the Chief Executive Officer of the Parkson Retail Group Limited ("PRGL") Group on 16 May 2014 and was subsequently appointed an Executive Director of PRGL on 13 November 2014. PRGL Group undertakes the Group's retail business in the People's Republic of China ("PRC").

Mr Chong graduated with a Diploma in Civil Engineering from University of Technology Malaysia in 1989 and a Bachelor of Science in Industrial and Systems Engineering from University of Southern California in 1992 followed by a Master of Business Administration from Rutgers, the State University of New Jersey in 2003.

Mr Chong first joined the PRGL Group in 1994 as a manager in the Project Department. He has extensive experience in retail operation and has more than 20 years of experience in the PRC retail industry.

Tiang Chee Sung
Malaysian, male, 57 years of age

Mr Tiang Chee Sung was appointed the Acting Chief Executive Officer of the Group's retail operations in Vietnam, Myanmar and Cambodia on 13 November 2014 and assumed the position of the Chief Executive Officer in 2015.

Mr Tiang graduated with a Bachelor of Commerce degree from the University of Winsor, Canada in 1983.

Mr Tiang first joined the Group's Malaysia operations in 1987 and has held various senior positions including as Operations Manager and Assistant General Manager (Operations). He was seconded to Odel PLC to head the Group's retail operations in Sri Lanka in 2013 and was also appointed a non-executive director of Odel PLC until 2014. Mr Tiang has 33 years of experience in the retail industry. Prior to joining the Group, Mr Tiang worked for the Emporium group of companies which operated supermarkets and department stores in Malaysia.

Gui Cheng Hock
Malaysian, male, 58 years of age

Mr Gui Cheng Hock was appointed the Group Chief Operating Officer of the Group's retail operations in Indonesia on 15 October 2013.

Mr Gui graduated with a Diploma in Commerce from Tunku Abdul Rahman College, Malaysia in 1982 followed by an Executive Diploma in Management Studies from Curtin University of Technology, Australia in 1992.

Mr Gui first joined the Group's Malaysia operations in 1987 and has held several positions, including as Operations Manager, General Manager (Operations) and Senior General Manager (Retail Properties). He has more than 30 years of experience in the retail industry. Prior to joining the Group, he worked for Emporium Supermarket Holdings Bhd.

Poh Wan Chung, Danny
Malaysian, male, 44 years of age

Mr Poh Wan Chung, Danny was appointed the General Manager of the credit financing business under the name of Parkson Credit on 2 January 2014 and was subsequently promoted to Senior General Manager in 2015. Mr Danny Poh is in charge of and is responsible for the operations of Parkson Credit Sdn Bhd ("Parkson Credit") which provides motorcycle and consumer financing. He is also a Director of Parkson Credit and Parkson Credit Holdings Sdn Bhd, the holding company of Parkson Credit which is an investment holding company.

Mr Danny Poh graduated with a Bachelor of Commerce degree from the University of Auckland, New Zealand in 1995.

Mr Danny Poh has more than 20 years of working experience in financial institutions in the areas of hire purchase, credit card, consumer credit and loans. Prior to joining the Lion Group, he was the Head of New Business and Insurance Agency and General Manager of AEON Credit Service (M) Berhad ("AEON Credit") and served as its Head of Marketing and Business Development Division responsible for the marketing, sales and business development function of AEON Credit.

None of the Key Senior Management has (i) any directorship in public companies and listed issuers; (ii) any family relationship with any Director and/or major shareholder of the Company; (iii) any conflict of interests with the Company; and (iv) any conviction for offences within the past five (5) years nor any public sanction or penalty imposed by any relevant regulatory bodies during the financial year.

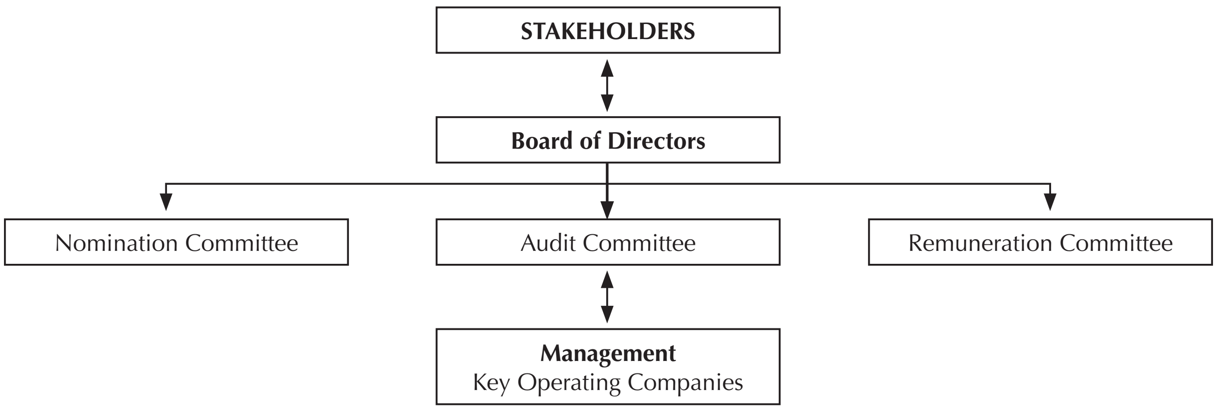
CORPORATE GOVERNANCE STATEMENT

Introduction

The Board of Directors ("Board") recognises the importance of practising and maintaining sound corporate governance to direct the businesses and practices of the Group towards enhancing business prosperity, sustainability and on-going value creation for its stakeholders. The Board is fully committed in ensuring that a high standard of corporate governance is practised and maintained throughout the Group as the underlying principles in discharging its roles and responsibilities.

The Board is pleased to present below the Governance Framework and how the Group has applied the guiding principles of good governance and the extent to which it has complied with the Principles and Recommendations set out in the Malaysian Code on Corporate Governance 2012 ("MCCG"). The principles and recommended best practices have been applied consistently throughout the financial year ended 30 June 2016 except where otherwise rationalised herein. The Board has also taken into account the requirements issued by the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements") and under the various Guides.

Corporate Governance Framework



Board Charter

The Board has established a Board Charter which is available on the Company's website at www.lion.com.my/parkson. The Board Charter clearly sets out the principal roles of the Board, the demarcation of the roles, functions, responsibilities and powers of the Board, the Board Committees and the Management. It also defines the specific accountabilities and responsibilities of the Board to enhance coordination, communication and facilitation between the Management and the Board and ultimately, to reinforce the overall accountability of both the Board and the Management towards the Company and the stakeholders as well as to serve as reference criteria for the Board in the assessment of its own performance and of its individual Directors. In May 2016, the Board reviewed and approved certain revisions to the Board Charter.

ESTABLISH CLEAR ROLES AND RESPONSIBILITIES

Roles and Responsibilities of the Board

The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders' values. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, setting policies, implementing, reviewing and maintaining an appropriate system of risk, control and compliance management and ensuring the adequacy and integrity of the Group's system of internal control. The Board is also responsible in ensuring financial integrity, setting the Group's risk appetite, reviewing and approving material transactions, related party transactions, capital financing and succession planning, and for the implementation of stakeholders' communications.

The Board delegates to the Managing Director ("MD") and the Executive Director ("ED"), the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD and the ED may delegate aspects of their authority and powers but remain accountable to the Board for the Company's performance and are required to report regularly to the Board on the progress being made by the Company's business units and operations.

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year ended 30 June 2016, six (6) Board Meetings were held and each Director attended at least 50% of the total Board Meetings held during the financial year. Details of attendance and a brief profile of each member of the Board are set out in the Directors' Profile section of this Annual Report.

Delegation by the Board

The Board delegates certain functions to several committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee, to support and assist in discharging its fiduciary duties and responsibilities. The respective committees report to the Board on matters considered and their recommendations thereon. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Board may form other committees delegated with specific authorities to act on its behalf whenever required. These committees operate under approved terms of reference or guidelines set out by the Board.

Board Composition, Independence and Diversity Balance

The Board comprises six (6) Directors, four (4) of whom are non-executive. The current Board composition complies with the Listing Requirements. The broad range of experience, skills and knowledge of the Directors effectively facilitate the discharge of the Board's stewardship.

In promoting diversity, gender and opportunities, the Board in its appointments and composition pays due recognition and weightage to the skills, experience and business acumen of the Directors. The Board reviews the appropriate mix of skills, experience and knowledge required of its members, in the context of the needs of the Group's businesses and strategies. The Board reviews its composition and size from time to time for appropriateness and the fulfilment of the gender diversity representation.The Board currently has two (2) female Directors.

Represented on the Board are three (3) independent non-executive Directors who bring their independent advice, views and judgement to bear on the decision-making process of the Group to ensure that a balanced and unbiased deliberation process is in place to safeguard the interests of other stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

The Board acknowledges that although the current Board composition complies with the Listing Requirements, the Company was not able to apply the recommendation of the MCCG which requires that the board must comprise a majority of independent directors where the chairman of the board is not an independent director and the Board will endeavour to fulfil the recommendation under the MCCG.

Code of Ethics

The Board in discharging its functions has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("CCM") which can be viewed from the CCM's website at www.ssm.com.my, the provisions of the Companies Act, 1965, and the principles of the MCCG.

The Group has put in place a Code of Ethics covering Code of Business Practice for all Directors and employees of the Group, including the Whistleblower Policy, Competition Policy, Sexual Harassment Policy, Sustainability Policy & Framework, Procurement Policy, Integrity & Fraud Risk Policy and Personal Data Protection Framework of the Group. Such codes and policies are made aware to all Directors and employees and accessible for reference within the Group. The key policies are available on the Company's website at www.lion.com.my/parkson.

The Board ensures the implementation of appropriate internal control system to support, promote and ensure the compliance with the above and notes any exception and monitors the resolutions of the issues highlighted via the Compliance Risk Self-Assessment reporting on a half-yearly basis.

Sustainability

The Board in discharging its governance role is guided by the Group's Sustainability Plans/Framework to ensure that the Group's and the Company's business strategies and businesses promote sustainability. This includes due attention and consideration of the Environmental, Social and Governance, and Risks and Compliance aspects of the businesses and operations which underpin its business sustainability. The sustainability activities carried out by the Group are set out in the Sustainability Statement on pages 47 and 48 of this Annual Report. The Governance aspects are set out herein whilst the Risks and Compliance aspects are also set out herein and in the Statement on Risk Management and Internal Control on pages 21 to 23 of this Annual Report.

Supply of Information

The Board, as a whole and its members in their individual capacities, have unrestricted access to complete information on a timely basis in the form and quality necessary for the discharge of their duties and responsibilities. Prior to each Board meeting, all Board members are furnished with the relevant documents and sufficient information to enable them to obtain a comprehensive understanding of the issues to be deliberated upon. Senior Management of the Group are also invited to attend Board meetings to provide their professional views, advice and explanation on specific items on the agenda in order for the Board to arrive at an informed decision.

Besides direct interactions with the Management, external independent professional advisers are also made available at the Company's expense to render their independent views and advice to the Board, whenever deemed necessary and under appropriate circumstances or at the request of the Board.

Company Secretaries

The Company Secretaries advise the Board and its Committees on their duties and obligations, and the appropriate requirements, disclosures and procedures to be complied with in relation thereto. The Company Secretaries are also responsible in ensuring that Board meeting procedures are followed and that applicable rules and regulations are complied with.

The Company Secretaries also facilitate the communication of decisions made at Board and Board Committees to the relevant Management for appropriate actions.

The Company Secretaries update and apprise the Directors on a continuing basis on new and revised requirements to the Listing Requirements.

The appointment and removal of Company Secretaries are subject to the approval of the Board.

STRENGTHEN COMPOSITION

Nomination Committee

The Nomination Committee comprises three (3) members, all of whom are non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by Mr Yeow Teck Chai, an independent Director, who is also the senior independent Director identified by the Board. The members and terms of reference of the Nomination Committee are presented on page 29 of this Annual Report and are available for reference on the Company's website at www.lion.com.my/parkson.

Appointment to the Board and the Effectiveness of the Board

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, experience and competencies to be appointed to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. The Nomination Committee annually reviews and assesses the effectiveness of the Board and the Board Committees as well as individual Directors based on the criteria set out by the Board and according to the fulfilment of the respective Board Committee's terms of reference.

The assessment criteria of the Board's evaluation/performance review process as well as the process and criteria to identify and nominate candidates for appointment as a Director, and re-elect and re-appoint existing Directors are set out in the Board Charter.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the competencies, commitment, contribution, performance and board diversity including the appropriateness and the fulfilment of the gender diversity representation, and the required mix of skills, qualifications, expertise and experience, knowledge, professionalism and integrity which would contribute to the overall desired composition of the Board.

The Directors' mix of skills are set out in the respective Director's Profile on pages 6 to 8 of this Annual Report.

Activities of the Nomination Committee for the Financial Year

The Nomination Committee met once since the date of the last Annual Report whereat all the members attended and carried out the following duties in accordance with the terms of reference:

(i) Reviewed and assessed the performance and effectiveness of the Board and the Board Committees as well as the individual Directors and their independence based on the broad Fit & Proper, and Independence criteria using a set of quantitative and qualitative performance evaluation forms approved by the Board, and made the appropriate recommendation to the Board.

(ii) Reviewed the retirement and re-election, and re-appointment of Directors for Board's consideration.

(iii) Reviewed the retention of Mr Yeow Teck Chai whose tenure of service as an independent Director has exceeded nine (9) years for recommendation to shareholders for their approval based on the attributes necessary in discharging his roles and functions as an independent Director.

(iv) Reviewed the training needs of the Directors.

(v) Approved and recommended for Board's consideration the Nomination Committee Report incorporating the Nomination Committee's activities for inclusion in the Annual Report.

Re-election, Re-appointment and Retention of Directors

In accordance with the Articles of Association of the Company, one-third (1/3) of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every three (3) years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the shareholders at the next annual general meeting following their appointment. The Nomination Committee is responsible for recommending to the Board the re-election of Directors, the re-appointment of those Directors who are over 70 years of age and the retention of the independent Directors whose tenure of service will exceed nine (9) years or have exceeded nine (9) years, for shareholders' approval at the next annual general meeting.

Directors' Remuneration

The Company has adopted the objective as recommended by the MCCG in determining the remuneration of executive Directors so as to ensure that it attracts and retains the Directors needed to manage the Company and the Group effectively. Directors do not participate in decisions regarding their own remuneration. The responsibilities for developing a formal remuneration policy and determining the remuneration packages of executive Directors lie with the Remuneration Committee. Nevertheless, it is the ultimate responsibility of the Board to approve the remuneration of these Directors. The members and terms of reference of the Remuneration Committee are presented on page 29 of this Annual Report.

Directors' fees are recommended by the Board for the approval by shareholders of the Company at the annual general meeting.

For confidentiality, the details of the Directors' remuneration are not disclosed for each individual Director. The transparency and accountability aspects of corporate governance applicable to Directors' remuneration recommended by the best practices of the MCCG are deemed appropriately served by the disclosures in the ensuing paragraphs.

The aggregate remuneration of Directors who served during the financial year ended 30 June 2016 are categorised as follows:

	Fees RM'000	Salaries & Other Emoluments RM'000	Total RM'000
The Group			
Executive Directors*	363	2,182	2,545
Non-executive Directors	165	–	165
	528	2,182	2,710
The Company			
Executive Directors*	71	184	255
Non-executive Directors	165	–	165
	236	184	420

The number of Directors whose total remuneration falls into the respective bands is as follows:

	Number of Directors			
	The Group		The Company	
Range of Remuneration (RM)	**Executive***	**Non-executive**	**Executive***	**Non-executive**
25,000 & below	–	1	1	1
25,001 – 50,000	–	3	–	3
200,001 – 250,000	–	–	1	–
300,001 – 350,000	1	–	–	–
2,200,001 – 2,250,000	1	–	–	–

* Including the Executive Director who was appointed during the financial year.

REINFORCE INDEPENDENCE

Assessment of Independent Directors and Board Performance Evaluation

The Board observes the recommendation by the MCCG in ensuring that the independent Directors bring independent and objective judgement to the Board deliberations. Accordingly, the Board assisted by the Nomination Committee assesses the independent Directors on an annual basis. In addition, the independent Directors affirm their independence annually to the Board. The Board with the assistance of the Nomination Committee also assesses the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director, including independent Directors, on an annual basis. All assessments and evaluations carried out by the Nomination Committee in discharging its duties were also properly documented.

In line with the MCCG, the Board has adopted a nine (9)-year policy for independent Directors. The tenure of an independent Director should not exceed a cumulative term of nine (9) years. Upon completion of the nine (9) years, an independent Director may continue to serve on the Board subject to the Director being re-designated as a non-independent Director. In the event such Director is to be retained as an independent Director, the Board must first justify and obtain shareholders' approval.

Based on the assessment carried out for the financial year ended 30 June 2016, the Board was satisfied with the level of independence of the independent non-executive Directors and their ability to act in the best interest of the Company. The Board was also satisfied that the Board and the Board Committees have discharged their duties and responsibilities effectively and that the Board composition in terms of size, gender diversity, the balance between executive, non-executive and independent Directors, and mix of skills and experience was adequate.

The Roles and Functions of Chairman and MD

The Group Chairman also assumes the position of the Group's MD. He brings with him a wealth of over 40 years of experience in the business operations of the Group and possesses the calibre to ensure that policies and strategies approved by the Board are effectively implemented. In view of the vast experience of the Group Chairman/MD, the Group stands to benefit directly from the extensive knowledge and involvement of the Chairman in the business deriving from his years of experience and industry goodwill. The Board considers the departure from the recommended practice of separating the functions as appropriate under the present circumstances.

FOSTER COMMITMENT

Time Commitment

A Director shall notify the Chairman of the Board of his acceptance of any new directorship in public listed companies. In any event the maximum number of appointments in public listed companies shall be limited to five (5) or any other number as set out in the Listing Requirements.

The notification shall include an assurance of his continued time commitment to serve the existing Board and that his/her other appointments shall not be in conflict or compete with the existing appointment with the Company.

Directors' Training

All members of the Board have attended Bursa Securities' Mandatory Accreditation Programme ("MAP").

The Directors are also encouraged to attend relevant external professional programmes as necessary to keep abreast of issues facing the changing business environment within which the Group operates.

During the financial year, the Directors had attended the following seminars, breakfast series, workshops and training programmes ("Programmes") on topics/subjects in relation to corporate governance, business opportunities and prospects in various industries and countries, risk management and internal controls, management, entrepreneurship and leadership, regulatory updates and requirements, finance, and sustainability covering community, environment, marketplace and workplace:

Name of Directors	Programmes
Tan Sri William H.J. Cheng	• Lion Group In-house Directors' Training on Finance for Non Finance – "Finance Language in the Boardroom" • Parkson Retail Asia Limited In-house Directors' Training on "Continuing Listing Obligations of the Singapore Exchange Securities Trading Limited" • Parkson Retail Group Limited In-house Directors' Training on "Environmental, Social and Governance"
Cheng Hui Yen, Natalie	• Bursa Malaysia ASEAN Cap10 Sustainability Series – Sustainability Symposium: Responsible Business. Responsible Investing • Lion Group In-house Directors' Training on Finance for Non Finance – "Finance Language in the Boardroom" • Bursa Malaysia in collaboration with INSEAD – Sustainability Engagement Series for Directors/Chief Executive Officers
Tan Sri Abdul Rahman bin Mamat	• Bursa Malaysia in collaboration with Iclif – CG Breakfast Series with Directors – "Bringing the Best Out in Boardrooms" • Bursa Malaysia in collaboration with Iclif – Board Chairman Series Part 2 – "Leadership Excellence from the Chair" • Lion Group In-house Directors' Training on Finance for Non Finance – "Finance Language in the Boardroom" • B20 Taskforce for G20 Meeting China – Member Trade & Investment Taskforce and SME Development Taskforce in Beijing

Name of Directors	**Programmes**
Tan Sri Abdul Rahman bin Mamat (continued)	• INSME 12th Annual Meeting at Doha/Qatar in collaboration with the Qatar Development Bank – "Enabling Smart SMEs as Key to Success" • B20 China First Joint Taskforce Meeting – Member Trade & Investment Taskforce and SME Development Taskforce in Washington DC • Roundtable co-organised by BIAC, B20 China, the World SME Forum and the SME Finance Forum in cooperation with the OECD on "Financing Growth; SMEs in Global Value Chains" in Paris • Workshop on Financials hidden in plain sight : Why Directors & Management need to ask hard questions • Hiap Teck Venture Berhad In-house Directors' Training on: (i) Transfer Pricing (ii) Corporate Sustainability Reporting (iii) Amendments to Listing Requirements relating to: (a) Disclosure and Corporate Governance Requirements (b) Future Financial Information Consequential to the Revised Prospectus Guidelines (c) The Securities Commission (Amendment) Act 2015 and Capital Markets and Services (Amendment) Act 2015
Zainab binti Dato' Hj. Mohamed	• Bursa Malaysia in collaboration with Iclif – Nominating Committee Programme Part 2 – "Effective Board Evaluations" • Bursa Malaysia in collaboration with MINDA – CG Breakfast Series with Directors – "Board Reward and Recognition" • Bursa Malaysia in collaboration with INSEAD – Sustainability Engagement Series for Directors/Chief Executive Officers • Bursa Malaysia in collaboration with the Malaysian Institute of Accountants and the Malaysian Institute of Certified Public Accountants – Corporate Governance Breakfast Series with Directors: "Future of Auditor Reporting – The Game Changer for Boardroom"
Yeow Teck Chai	• FMM in collaboration with Deloitte – The Future of Manufacturing: Making Things in a Changing World • Bursa Malaysia ASEAN Cap10 Sustainability Series – Sustainability Symposium: Responsible Business. Responsible Investing • Bursa Malaysia in collaboration with MINDA – CG Breakfast Series with Directors – "Board Reward and Recognition" • Lion Group In-house Directors' Training on Finance for Non Finance – "Finance Language in the Boardroom" • Bursa Malaysia in collaboration with INSEAD – Sustainability Engagement Series for Directors/Chief Executive Officers • Bursa Malaysia in collaboration with PwC – A Director's Guide to Fraud and Corruption Risks
Ooi Kim Lai	• Bursa Malaysia in collaboration with ICAEW – Directors Corporate Governance Series – Building Effective Finance Function: From Reporting to Analytics to Strategic Inputs • The Ministry of Home Affairs – Business Management Course for the Board Members and Shareholders of Security Companies • Lion Group In-house Directors' Training on Finance for Non Finance – "Finance Language in the Boardroom"

In addition, the Company would arrange site visits for the Directors, whenever necessary, to enhance their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations.

The Directors are also updated and apprised on a continuing basis by the Company Secretaries on new and revised requirements to the Listing Requirements ("Continuing Updates").

The Board, after having undertaken an assessment of the training needs of each Director, views the aforementioned Programmes attended by the Directors, and the Continuing Updates provided to the Directors, as adequate to enhance the Directors' skills and knowledge to carry out their duties as Directors.

The Board will, on a continuing basis, evaluate and determine the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and effectively discharge their duties.

Newly appointed Directors are required to attend a familiarisation programme. This includes meeting key senior management to be briefed on the core businesses and operations of the Group. It also serves as a platform to establish effective channel of communication and interaction with Management.

UPHOLD INTEGRITY IN FINANCIAL REPORTING

Financial Reporting

The Board aims to present a balanced and clear assessment of the Group's position, financial performance and future prospects to the Company's stakeholders through the annual financial statements, quarterly financial reports and corporate announcements which are in accordance with the Listing Requirements. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the quarterly financial results and the annual audited financial statements of the Group and of the Company, including timely and quality disclosure through appropriate corporate disclosure policies and procedures adopted.

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Audit Committee comprises three (3) members, all of whom are independent Directors. The terms of reference and the main works undertaken by the Audit Committee for the financial year under review are set out in the Audit Committee Report on pages 24 to 28 of this Annual Report.

Directors' Responsibility in Financial Reporting

The Board is responsible for ensuring that the quarterly and annual financial statements are prepared in accordance with the applicable financial reporting standards in Malaysia, the provisions of the Companies Act, 1965 and the Listing Requirements. The Board is satisfied that for the financial year ended 30 June 2016, the financial statements presented give a true and fair view of the state of affairs, results and cash flows of the Group and of the Company.

Relationship with the External Auditors

The Board has established a formal and transparent relationship with the external auditors through the Audit Committee. The Audit Committee evaluates the performance and assesses the suitability and independence of the external auditors and recommends the re-appointment of the external auditors and their remuneration to the Board. The re-appointment of the external auditors is subject to the approval of shareholders at the annual general meeting whilst their remuneration is determined by the Board. For the financial year, the external auditors met with the Audit Committee three times to discuss matters in relation to their audit review of the Company's financial statements and will attend the annual general meeting of the Company.

The Audit Committee has obtained written confirmation from the external auditors on their independence in undertaking the annual audit of the Company's financial statements.

RECOGNISE AND MANAGE RISKS

Risk Management Framework

The Board regards risk management as an integral part of business operations. A Corporate Risk Management System implementing an Enterprise Risk Management Framework ("CRMS-ERM") was developed, enhanced and documented. The CRMS-ERM Manual sets out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, treatment, risks appetite setting, control, tracking and monitoring of strategic, business, financial and operational risks.

The Board delegates the oversight of risk management and internal control to the Audit Committee. The Audit Committee is assisted by the Risk Management Committee ("RMC") in overseeing the implementation of the risk management framework via the Corporate Performance Scorecards ("CPS") and the Corporate Risk Scorecards ("CRS"). The Risk Management Team of each key operating company together with the RMC reports the CPS and CRS to the Audit Committee on a half-yearly basis. The detailed processes of risk management are described in the Statement on Risk Management and Internal Control on pages 21 to 23 of this Annual Report.

The RMC also assesses all material and key risks associated with the Group's businesses and operations as well as corporate proposals.

Internal Control

The Board has overall responsibility in maintaining a sound internal control system for the Group to achieve its objectives within an acceptable risk profile as well as safeguarding the interests of stakeholders including shareholders' investment and the Group's assets. An overview of the state of internal control within the Group is set out in the Statement on Risk Management and Internal Control on pages 21 to 23 of this Annual Report.

Internal Audit Function

The Board has established an internal audit function within the Group. The internal audit function is led by a Chief Internal Auditor who reports directly to the Audit Committee. The internal auditors attend all meetings of the Audit Committee and the detailed internal audit function is set out in the Audit Committee Report on pages 24 to 28 of this Annual Report.

Compliance Function

The Board has approved a Compliance Framework which lays down mechanisms and tools to ensure consistency and efficiency in identifying, managing and mitigating compliance risks within the Group. Reviews are conducted by the Group Compliance Function to assess the degree of compliance with statutory, regulatory and codes of ethics/standards requirements and internal standard operating procedures aligned to the business objectives. The Audit Committee is provided with compliance reports at agreed intervals to facilitate the Board with a holistic and overview of all compliance matters.

ENSURE TIMELY AND HIGH QUALITY DISCLOSURE

The Board acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. The Board ensures its adherence to and compliance with the disclosure requirements of the Listing Requirements as well as the Corporate Disclosure Guide issued by Bursa Securities.

The Company's shareholders and members of the public may gain access to any latest corporate information of the Company on its website at www.lion.com.my/parkson which is linked to the announcements published on the website of Bursa Securities at www.bursamalaysia.com.

STRENGTHEN RELATIONSHIP BETWEEN COMPANY AND SHAREHOLDERS

The Board has oversight over the implementation and maintenance of the required effective communications and engagements with shareholders.

The annual general meetings and the extraordinary general meetings are the principal forum for dialogue with shareholders. Shareholders are provided with an opportunity to participate in the question and answer session at which shareholders may raise questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's businesses and affairs. The Chairman and the Board members are in attendance to respond to shareholders' queries. The Chairman also shares with the shareholders, the Company's responses to questions submitted in advance of the annual general meetings by the Minority Shareholder Watchdog Group.

The Group also values dialogues with institutional investors, fund managers and analysts. The Group has been practising open discussions with investors/fund managers/analysts upon request through meetings, teleconferencing and emails. In this regard, information is disseminated with strict adherence to the disclosure requirements of Bursa Securities.

The Company's website at www.lion.com.my/parkson provides easy access to corporate information, Board Charter, key policies, annual reports and company announcements pertaining to the Group and its activities.

The Board has identified the Company Secretaries to whom concerns may be conveyed and who would bring the same to the attention of the senior independent non-executive Director.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

Introduction

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard the interests of stakeholders (including shareholders' investments) and the Group's assets. Guided by the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers*, Corporate Disclosure Guide and Corporate Governance Guide (2nd Edition), the Board is pleased to present the Statement on Risk Management and Internal Control of the Group (excluding associated companies and joint ventures as the Board does not have control over their operations) pursuant to the Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Board Responsibility

The Board affirms its overall responsibility for the Group's system of risk management and internal control which is key to managing principal risks which may impede the achievement of the Group's corporate and business objectives, consistent with the requirements of Principle 6 of the Malaysian Code on Corporate Governance 2012. This responsibility includes reviewing the adequacy and integrity of this system which covers enterprise risk management, financial, organisational, operational and compliance controls. However, in view of the inherent limitations in any system, such system of internal control can only provide reasonable and not absolute assurance against material misstatements, frauds or losses and unforeseen emerging risks.

The Board regards risk management as an integral part of business operations and confirms that the Management will continue to undertake the process of identifying, evaluating and managing significant risks. The Board delegates the oversight of risk management and internal control to the Audit Committee.

Management Responsibility

The Management is responsible for implementing the framework, policies and procedures on risk and internal control approved by the Board.

The Risk Management Committee ("RMC") continues to play a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management processes and ensuring that on-going measures taken were adequate to manage, address or mitigate the identified risks and reporting the status to the Audit Committee.

Risk Management Process

In establishing a bottom-up reporting of the risk profile of the key operating companies ("KOCs"), the respective Risk Management Team ("RMT") in the KOCs identified possible and actual risks faced by the KOC together with an analysis of the causes, impact and mitigating actions.

The KOCs' business performance objectives for the financial year are reflected in their Corporate Performance Scorecard ("CPS") which outlined the critical action plans across their value chain system. Key Performance Indicators ("KPI") were assigned to these objectives and their performance were tracked by the KPI owners under the supervision of the heads of the KOCs.

The RMTs identified and analysed risks which may thwart the successful achievement of these objectives and such risks often made up the baseline risks in the KOCs' risk profile. The risk owners were responsible to ensure preventative, detective and corrective controls were in place to address these risks. Gaps in controls and continual improvements were implemented through management action plans. This process was executed by the RMTs and documented in the Corporate Risk Scorecard ("CRS").

The Group's Compliance Function conducted review of the risk profiles, either focusing on specific risk issues or the completeness of the risk assessment process for selected risk profiles. The results of the review were communicated to the administrators of risk scorecards and/or heads of KOCs for improvement and implementation.

The CPS and CRS were presented by the RMT and RMC to the Audit Committee on a half-yearly basis for review on the status of the performance objectives and management action plans implementation.

The Audit Committee reviewed significant risks, if any, across Strategic, Business, Financial and Operational risk themes and guided the KOCs on further mitigations where required.

Key Elements of Risk Management and Internal Control

The Board is committed to maintaining a strong internal control structure for the proper conduct of the Group's business operations. The key elements include:

- An operational structure and organisational chart with defined lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability. The authority matrix outlines the decision areas and the persons empowered to requisite, authorise and approve the expenditure/commitment. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.

- A set of Group level internal policies and procedures which is maintained centrally and accessible to employees via intranet. The policies and procedures at both Group level and business or operational level are regularly reviewed for updates to resolve operational deficiencies or to meet new compliance requirements. Enhancement efforts to streamline local policies, guidelines or procedures at business or operational level to key Group Policies and Procedures are continuing.

- An annual exercise involving all business units to prepare a comprehensive budget and business plan which includes development of business strategies and the establishment of key performance indicators against which the overall performance of the companies within the Group can be measured and evaluated.

- Review of key business variables and the monitoring of the achievements of the Group's performance on a quarterly basis by the Board and the Audit Committee.

- Review of business processes and systems of internal control by the internal audit function which submits its reports to the Audit Committee on a quarterly basis. Regular and systematic risk based reviews of the system of internal control of the operating companies within the Group are performed to provide reasonable assurance that such systems continue to operate satisfactorily and effectively in accordance with Management instructions, policies and guidelines; and in a manner consistent with company objectives and with high standards of administrative practice.

- Confirmation of the effectiveness of internal control and risk assessment process by the respective head of KOC and head of accounts and finance (on financial related matters) with the signing off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.

- A Corporate Risk Management System encompassing an Enterprise Risk Management Framework (CRMS-ERM) that sets out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, control and monitoring as well as in determining the Group's risks appetite.

- Compliance Risk Self-Assessment (CRSA) with mitigations identified to address breaches or material non-compliance.

- Updates and tracking of CPS which are developed based on balanced scorecard approach and CRS of operating companies with appropriate performance and risk indicators via an automated and web-based tool, namely Q-Radar system.

- Development of Compliance Matrices reflecting requirements of key Group Policies and Procedures and major statutory and regulatory compliances.

- A compliance programme reviewed by the Audit Committee on an annual basis addressing key compliance areas of statutory and regulatory requirements, codes and internal ethics/standards/policies and procedures. Periodically reported by the Compliance Function to the Compliance Committee to monitor and address on-going changes and implementations in the legislative and regulatory requirements affecting the Group.

- A formalised groupwide integrity framework that accentuates the Group's commitment to uphold integrity in all manner of conduct by its employees at all times in their interaction with various stakeholders, both internal and external. This framework includes Integrity & Fraud Risk Policy which interphases with many of the existing policies adopted within the Group and also addresses fraud reporting and investigation.

- A formalised Group Procurement/Tender Policy providing a fairly standardised, uniform and consistent set of controls by promoting accountability, ownership and transparency. This increases the ability of the Group to develop a pool of reliable and competent vendors through proper governance, selection of appropriate procurement method and vendor management.

- A formalised Group Personal Data Protection Framework providing guidelines on implementation of controls in business and operations processes in meeting the requirements of data protection principles of Personal Data Protection Act 2010.

- A Code of Business Practices which sets out the principles to guide employees' conduct to the highest standards of personal and corporate integrity. The code covers areas such as conflict of interest, use of company assets, confidentiality of proprietary information, acceptance of gifts and business courtesies as well as prohibition of kickbacks.

- A Whistleblower Policy providing the channels to report wrongdoings by employees and/or other stakeholders whilst ensuring the integrity of the process and information and also protecting the rights of informants. The implementation of this policy enables the Group to address such concerns that may adversely affect the reputation and interests of the Group more effectively.

- Other key policies such as Competition Policy and Sexual Harassment Policy which complement the Group's Code of Business Practices. These policies direct the employees to behave ethically and professionally in ensuring compliance with relevant laws and creation of a conducive working environment.

- A Crisis Management and Communication Policy and process established under the Corporate Communications Function to guide the handling of external communications in the event of any crisis/disaster.

- Development and enhancements to existing operations and safety and hazards action plans of operating companies for business resilience and robustness in contingencies, crisis management and disaster recovery management.

- An appropriate insurance programme to safeguard major assets against financial loss resulting from property damage, machinery breakdown, business interruption and general liability, which is reviewed annually.

- A Group Sustainability Framework and Plan providing the roadmap to enhance Governance, Social and Environmental engagements of the stakeholders.

Conclusion

The Board is of the view that the system of risk management and internal control in place throughout the Group is sound and effective, providing reasonable assurance that the structure and operation of controls are appropriate for the Group's operations.

Implementation measures are continuously taken to strengthen the system of risk management and internal control so as to safeguard shareholders' investments and the Group's assets.

Review by External Auditors

The external auditors have reviewed the Statement on Risk Management and Internal Control in accordance with Malaysian Approved Standard on Assurance Engagements, ISAE 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information and Recommended Practice Guide 5 (Revised): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by the Malaysian Institute of Accountants for inclusion in the Annual Report of the Group.

Based on the limited assurance procedures and review, the external auditors have informed the Board that nothing has come to their attention that has caused them to believe that the Statement on Risk Management and Internal Control has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the *Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers* or that it is factually inaccurate.

AUDIT COMMITTEE REPORT

COMPOSITION

As at the date of this Annual Report, the composition of the Audit Committee is as follows:

- **Members**

  Cik Zainab binti Dato' Hj. Mohamed
  (Chairman, Independent Non-Executive Director)

  Y. Bhg. Tan Sri Abdul Rahman bin Mamat
  (Independent Non-Executive Director)

  Mr Yeow Teck Chai
  (Independent Non-Executive Director)

  The composition of the Audit Committee complies with Chapter 15 of the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

- **Secretaries**

  The Secretaries of Parkson Holdings Berhad, Ms Chan Poh Lan and Ms Lim Kwee Peng, are also Secretaries of the Audit Committee.

- **Membership**

  The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than three (3) members, all of whom shall be non-executive Directors with a majority of them being independent Directors. The composition of the Audit Committee shall fulfil the requirements as prescribed in the Listing Requirements. The members of the Audit Committee shall elect a chairman among themselves who is an independent Director.

- **Meetings and Minutes**

  The Audit Committee shall meet at least four (4) times annually and the Executive Director, the Chief Internal Auditor and the Chief Accountant are invited to attend the meetings. A majority of independent Directors present shall form a quorum. The Audit Committee shall meet with the external auditors without the executive Board members being present at least twice a year.

  Minutes of each Audit Committee Meeting were recorded and tabled for confirmation and adoption at the next Audit Committee Meeting and subsequently presented to the Board for notation. The Chairman of the Audit Committee shall report on each meeting to the Board.

TERMS OF REFERENCE

The Terms of Reference of the Audit Committee which are in line with the provisions of the Listing Requirements and other best practices are available for reference on the Company's website at www.lion.com.my/parkson.

ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, five (5) Audit Committee Meetings were held at which full attendance were recorded for all the members.

The Audit Committee carried out its duties for the year in accordance with its Terms of Reference.

The main works undertaken by the Audit Committee for the financial year are as follows:

- **Financial Results**

  Reviewed the quarterly interim unaudited financial statements and the annual audited financial statements of the Group prior to submission to the Board for its consideration and approval focusing particularly on changes in or implementation of significant accounting policies and compliance with applicable accounting standards approved by the Malaysian Accounting Standards Board ("MASB"), significant matters highlighted including financial reporting issues, significant and unusual events, significant judgements made by Management and other legal requirements, and the main factors contributing to the financial performance of the Group in terms of revenue and earnings.

  Discussed with Management and external auditors, and had obtained reasonable assurances that all changes in significant accounting policies had been implemented; applicable accounting standards approved by MASB, provisions of the Companies Act, 1965 and requirements under the Listing Requirements had been complied with; significant matters highlighted by the external auditors including financial reporting issues, significant and unusual events or transactions had been appropriately addressed; significant judgements made by Management had been assessed; and impact of any changes to the accounting policies and new accounting standards had been assessed and adopted, where relevant.

- **Internal Audit**

  (a) Reviewed and approved the annual audit plan to ensure adequate scope and coverage on the activities of the Group, taking into consideration the assessment of key risk areas and ensured that key and high risk areas were audited annually.

  (b) Reviewed the effectiveness of audit programmes, and the adequacy and suitability of the resource requirements and skill levels of the internal auditors for the year and assessed the performance of the internal audit function.

  (c) Reviewed the internal audit reports, audit recommendations made and Management's response to these recommendations and actions taken to improve the system of internal control and procedures recommendations. Where appropriate, the Audit Committee had directed Management to rectify and improve control procedures and workflow processes based on the internal auditors' recommendations and suggestions for improvement.

  (d) Monitored the implementation of the audit recommendations to ensure that all key risks and controls had been addressed.

  (e) Reviewed the risk and control profile changes of the annual Risk Management and Internal Control – Self-Assessment ratings submitted by the respective operations management. The internal auditors would validate the ratings during their audit review, and adjustments to the ratings, if any, would be made accordingly and reported to the Audit Committee.

  (f) Reviewed recurrent related party transactions of a revenue or trading nature reports on a quarterly basis for compliance with the review procedures outlined in the Shareholders' Mandate and ensured that the transactions were undertaken on an arm's length basis and on normal commercial terms which were consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders.

  (g) Reviewed the investigative reports tabled during the year and ensured appropriate remedial actions/measures were taken.

(h) Reviewed the Statement on Risk Management and Internal Control which provided an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the external auditors is set out on pages 21 to 23 of this Annual Report.

(i) Approved the Audit Committee Report and recommended the same for Board's approval for inclusion in the Annual Report.

- **External Audit**

(a) Reviewed and discussed with external auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB.

(b) Reviewed and discussed with external auditors the results of the audit and the audit report in particular, significant accounting issues arising from the external audit and their opinion on the financial statements of the Group and of the Company.

(c) Reviewed with external auditors the memorandum of comments and recommendations arising from their study and evaluation of the system of internal and accounting controls together with Management's response to the findings of the external auditors and ensured where appropriate, that necessary corrective actions had been taken by Management.

(d) Evaluated the performance and assessed the suitability and independence of the external auditors during the year vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit Committee.

The Audit Committee had received from the external auditors written confirmation that they were not aware of any relationships or matters that, in their professional judgement, may reasonably be thought to bear on their independence and that they were, and had been, independent throughout the conduct of the audit engagement in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

(e) Recommended to the Board the re-appointment of the external auditors and their remuneration.

(f) Reviewed and discussed the non-audit fees in respect of services rendered by the external auditors. The non-audit fees for the financial year ended 30 June 2016 amounted to RM308,000.

(g) Convened three (3) meetings with the external auditors without executive Board members and Management being present to discuss matters in relation to their review.

- **Corporate Governance**

(a) Monitored on a half-yearly basis the implementation progress and shortfall, if any, of the Compliance Program/Work Plan for the financial year ended 30 June 2016 ("2016 Compliance Program/Work Plan"). The 2016 Compliance Program/Work Plan identified for implementation, the necessary policies, procedures, processes, awareness and competencies training to be used as management tools and support to give the reasonable assurance of due compliance, compliance risk management, updating and reviewing of existing and new compliance across the laws, regulatory requirements, standards/code of ethics and internal policies and procedures of all the key operating companies and functions.

The Audit Committee noted the formalisation of a Group Personal Data Protection Framework which formed part of the 2016 Compliance Program/Work Plan as part of the improvement initiative in meeting the requirements of the Personal Data Protection Act 2010.

(b) Ensured that processes or channels of identifying, reporting and addressing non-compliances/breaches of regulatory and/or statutory requirements, and internal policies and procedures were available and reported vide a half-yearly Compliance Risk Self-Assessment declaration by the Heads of Business, Finance Managers and Group Accountants, Company Secretaries and Group Tax. The Audit Committee monitored the completion of agreed management actions to rectify the incidents and where necessary, controls to minimise recurrence.

- **Risk Management**

  (a) The Audit Committee together with the Risk Management Committee:

  - monitored the year-to-date progress on the achievement of targets set for business objectives of Key Operating Companies ("KOCs") for the financial year via review of the Corporate Performance Scorecards updates on half-yearly basis. The Audit Committee sought explanation/understanding from the Risk Management Team ("RMT") of KOCs on non-performance.

  - reviewed the key risks as reported by the RMTs in their Corporate Risk Scorecards across the wide spectrum of risk facing the businesses and operations which included strategic risk, business risk, financial risk and operational risk. The Audit Committee provided comments on the adequacy and effectiveness of controls and/or management actions identified and/or implemented by the KOCs in addressing the identified risks.

  (b) The Audit Committee provided assurance to the Board on the risk reporting and review activities that took place during the financial year.

- **Related Party Transactions**

  (a) Reviewed related party transactions entered into by the Group and ensured that the transactions undertaken were in the best interest of the Group, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders, and recommended the same for approval of the Board.

  (b) Reviewed the annual Shareholders' Mandate in relation to recurrent related party transactions of a revenue or trading nature for shareholders' approval to undertake transactions which are recurrent, of a revenue or trading nature and which are necessary for the day-to-day operations of the Group with related parties ("RRPTs").

  The Audit Committee ensured that the review procedures were sufficient to ensure that the RRPTs were not more favourable to the related parties than those generally available to the public and were not to the detriment of the minority shareholders and that the Group had in place adequate procedures and processes to monitor, track and identify RRPTs in a timely and orderly manner, and such procedures and processes were reviewed on a yearly basis or whenever the need arose.

- **Material Transactions**

  Reviewed material transactions entered into by the Group and ensured that the transactions undertaken were in the best interest of the Group, and recommended the same for approval of the Board.

INTERNAL AUDIT FUNCTION

The Internal Audit Function is undertaken by the Group Management Audit Department ("GMA Department"). Its principal activity is to perform regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

The purpose, authority and responsibility of the Internal Audit Function as well as the nature of the assurance activities provided by the function are articulated in the Internal Audit Charter approved by the Audit Committee.

In discharging its function, the GMA Department adopts the *International Standards for the Professional Practice of Internal Auditing* as well as established auditing guidelines to enhance its competency and proficiency.

A risk-based audit plan is tabled to the Audit Committee for approval on an annual basis. The audit plan covers key operational and financial activities that are significant to the overall performance of the Group and is developed to ensure adequate coverage on a regular basis. Key risk areas are continuously identified and prioritised to ascertain the scope of the audit activities through the adoption by the operation management of the Risk Management and Internal Control – Self-Assessment Questionnaire and the Corporate Performance and Risk Scorecards.

During the financial year, the internal auditors had conducted independent reviews and evaluated risk exposures relating to the Group's governance, operations and information system as follows:

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews

The internal auditors also established follow-up review to monitor and to ensure that internal audit recommendations are effectively implemented.

The internal audit works had been carried out according to the internal audit plan approved by the Audit Committee for the financial year.

The total cost incurred in managing the internal audit function of the Group for the financial year was RM551,796.

NOMINATION COMMITTEE

Chairman	:	Mr Yeow Teck Chai *(Independent Non-Executive Director)*
Members	:	Cik Zainab binti Dato' Hj. Mohamed *(Independent Non-Executive Director)* Mr Ooi Kim Lai *(Non-Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, candidates for directorships in Parkson Holdings Berhad • To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or shareholder • To recommend to the Board, Directors to fill the seats on Board Committees • To assist the Board in reviewing on an annual basis, the required mix of skills and experience and other qualities, including core competencies which non-executive Directors should bring to the Board • To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, based on the process and procedure laid out by the Board

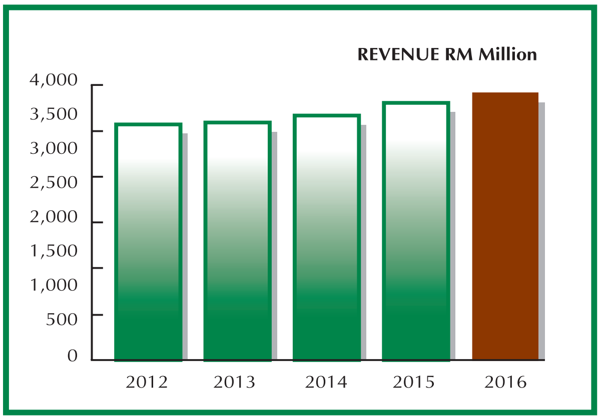
REMUNERATION COMMITTEE

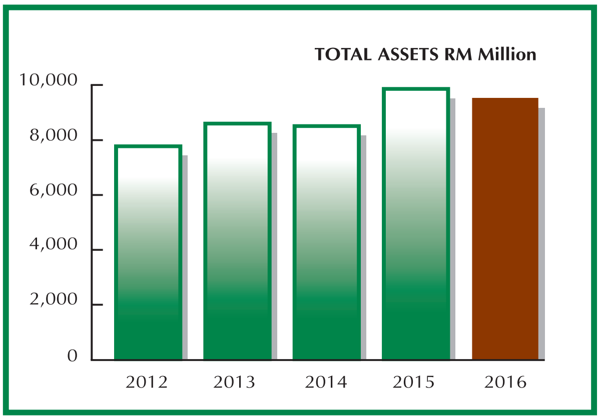
Chairman	:	Tan Sri Abdul Rahman bin Mamat *(Independent Non-Executive Director)*
Members	:	Mr Yeow Teck Chai *(Independent Non-Executive Director)* Cik Zainab binti Dato' Hj. Mohamed *(Independent Non-Executive Director)* Mr Ooi Kim Lai *(Non-Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary • To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

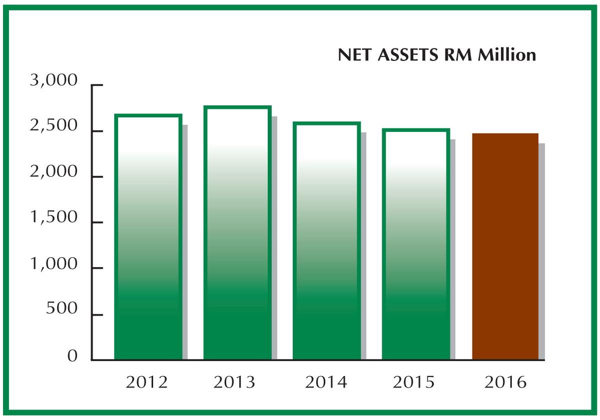
5 YEARS GROUP FINANCIAL HIGHLIGHTS

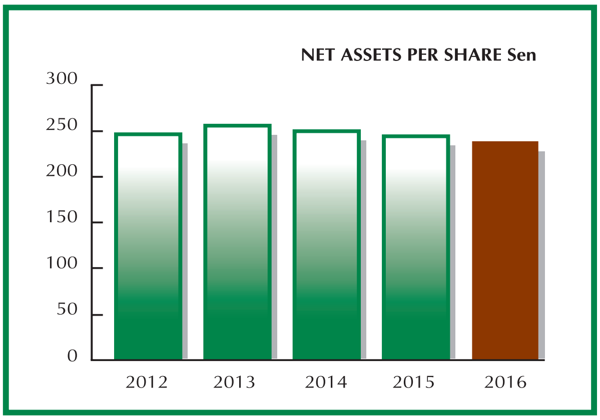
Financial years ended 30 June		**2012**	**2013**	**2014**	**2015**	**2016**
Gross sales proceeds	(RM'000)	11,196,311	11,347,650	11,583,344	11,938,208	**12,037,479**
Revenue	(RM'000)	3,422,858	3,454,958	3,553,882	3,739,179	**3,884,082**
Profit/(loss) before tax	(RM'000)	887,663	614,872	382,504	56,416	**(89,718)**
Profit/(loss) after tax	(RM'000)	668,712	434,938	239,055	(12,946)	**(162,333)**
Net profit/(loss) attributable to owners of the parent	(RM'000)	380,076	238,204	138,148	46,593	**(95,741)**
Total assets	(RM'000)	7,745,347	8,541,110	8,471,865	9,823,345	**9,462,896**
Net assets	(RM'000)	2,666,088	2,751,773	2,580,545	2,512,456	**2,482,469**
Total borrowings	(RM'000)	1,260,791	1,579,689	1,718,621	2,351,334	**2,579,597**
Earnings/(loss) per share	(Sen)	34.9	22.0	13.0	4.4	**(8.9)**
Net assets per share	(Sen)	246	254	249	244	**238**
Dividends (Paid and Proposed):						
• Cash dividend:						
- Rate	(Sen)	16.0	18.0	–	–	**–**
- Amount (net of tax)	(RM'000)	173,918	195,141	–	–	**–**
• Share dividend	(No. of shares)	–	–	3 for 50	*	**1 for 20**

* *In respect of the financial year ended 30 June 2015: 3 for 50 distributed on 8 August 2014, 1 for 20 distributed on 26 March 2015 and 3 for 50 distributed on 2 July 2015.*









PARKSON NETWORK, AS AT 30 JUNE 2016

CHAIRMAN'S STATEMENT

TAN SRI WILLIAM H.J. CHENG
Chairman

On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad ("PHB" or "the Group") for the financial year ended 30 June 2016.

FINANCIAL PERFORMANCE

It has been a challenging year with the retail industry in the markets where the Group operates continuing to face headwinds. The People's Republic of China ("PRC" or "China") continued to experience market slowdown as demonstrated by the weak Gross Domestic Product growth rate of 6.9% in the year 2015. The Malaysian economy remained adversely affected by the weak commodity and oil prices and depreciating Ringgit against major currencies, volatility in the financial markets and rising cost of living, whilst the performance of our Vietnam operations has largely been impeded by the increase in new retail space amidst a weak retail environment.

Given the current market conditions, the Group registered the following operating results for the financial year ended 30 June 2016:

- Marginally higher gross sales proceeds of RM12.0 billion, up by 1% as compared to RM11.9 billion in the previous year; and
- Operating loss of RM105 million as against profit of RM192 million in the previous year.

Despite the challenges faced, the financial year 2016 was a significant one for Parkson, as its journey of transforming into a lifestyle concept retail business began to gain momentum. Leveraging on its widespread network across China and Southeast Asia, coupled with its strong financial position, the Group will continue to execute its strategies in order to stay ahead in the challenging and fast changing operating environment.

CORPORATE DEVELOPMENTS

During and subsequent to the financial year, the Group had undertaken the following significant corporate events:

(i) In August 2015, the Group completed the disposal of approximately 30% equity interest in Parkson Hanoi Co Ltd ("Parkson Hanoi") for a cash consideration of US$5,000 (equivalent to approximately RM19,000). Consequent thereupon, Parkson Hanoi ceased to be a subsidiary and became an associate of the Group. Following the disposal, the Group realised a net gain of approximately RM139 million.

(ii) On 13 September 2016, Parkson Retail Group Limited, a 54.7% owned subsidiary of the Company, announced its proposal to dispose of the entire equity interests in a wholly-owned subsidiary in China, which owns a building named *Beijing Sun Palace Parkson* located in the Chaoyang District of Beijing, and the relevant shareholder's loan and other monies for a total cash consideration of Rmb2.3 billion (equivalent to approximately RM1.4 billion) ("Proposed Disposal"). Details of the Proposed Disposal is disclosed in page 186 of the Annual Report.

REVIEW OF OPERATIONS

The Group is principally engaged in the operation of the "*Parkson*" and "*Centro*" brands department stores. Its stores offer a wide range of internationally renowned brands of fashion and lifestyle related merchandise focusing on four main categories namely, *Fashion & Apparel, Cosmetics & Accessories, Household & Electrical,* and *Groceries & Perishables*, targeting the young and contemporary market segment.

The retail businesses of the Group are mainly undertaken by the two listed subsidiaries, namely Parkson Retail Group Limited, listed on the Stock Exchange of Hong Kong Limited, which operates *Parkson* department stores in China; and Parkson Retail Asia Limited, listed on the Singapore Exchange Securities Trading Limited, that houses all our retail stores in Southeast Asia.

The number of owned and managed stores and the performance in each location are as follows:

	Number of Stores	
(As at 30 June)	**2016**	**2015**
Malaysia	**44**	42
China	**58**	60
Vietnam and Myanmar	**9**	10
Indonesia	**16**	14
	127	126

(RM Million)	Revenue 2016	Revenue 2015	Segment Profit/(Loss) 2016	Segment Profit/(Loss) 2015
Retail operations in:				
- Malaysia	**887**	862	**36**	89
- China	**2,634**	2,496	**(90)**	128
- Vietnam and Myanmar	**108**	124	**(9)**	(17)
- Indonesia	**181**	157	**(14)**	(10)
	3,810	3,639	**(77)**	190
Property and others	**76**	103	**(28)**	2
Less : Inter-segment	**(2)**	(3)	**–**	–
	3,884	3,739	**(105)**	192

("Segment profit/(loss)" refers to operating profit/(loss) before interests, share of results of associates and joint ventures, income tax expense and non-recurring items)

Malaysia (Parkson)

Locally, consumer sentiment was affected by the pessimism over the rising cost of living, weakening of the Ringgit and commodity prices coupled with lower disposable income which resulted in Parkson Malaysia recording a negative same store sales ("SSS") growth of 6.5% for the current financial year.

To stimulate growth, Parkson Malaysia strove to offer a wider range of products and services to suit its customers' lifestyles and cater to various preferences. During the financial year, the Group had introduced leading Korean fast fashion brands namely, *SPAO, MIXXO, WHO.A.U* and *SHOOPEN* to the local market, tapping on the popularity of the Korean Wave or *Hallyu*. The Group has also been aggressively opening counters under the private label brands of *MARQ, MAVE, kor, FASZ* and *ESTELA*, and agency lines from international brands within its network of stores. To further diversify its range of offerings, the Group has rolled out stores under the brand *LOL* which offers apparel at affordable price points. The reception to the above brands has been encouraging.

Parkson Maju Junction Shopping Mall, located in the heart of Kuala Lumpur, commenced its operation in July 2015. This shopping mall, with Parkson as its anchor tenant, is the Group's first fully-managed mall in Malaysia which encompasses shopping, dining and lifestyle under one roof. Following the opening of *Parkson Aman Central* (Alor Setar) and *Parkson Vivacity Megamall* (Kuching) stores, our domestic network coverage increased to 44 stores as at 30 June 2016.

China (Parkson)

Weak retail market sentiment coupled with growing competition from new shopping formats in China have led to negative SSS growth of 10% reported by Parkson China. The stronger Renminbi has however resulted in higher revenue converted to Ringgit Malaysia.

With the retail industry in China evolving into a whole new realm with both challenges and opportunities, the Group remains focused on the execution of its strategies to achieve its vision of transforming into a lifestyle concept retailer which has received wide acclaim from the market for its efforts.

- **Transformation Continues**

  During the financial year, the Group continued to foster close business partnerships with leading sector players. In January 2016, the Group officially unveiled China's first Korean city lifestyle mall, the *Parkson Newcore Citymall* in Shanghai through a joint venture with Korea's E-Land Group. This Korean-themed outlet that offers a wide range of merchandise and dining selections, is also the first off-price retail city mall that offers value for money products in the city. The Group will continue to roll out the innovative and creative retail concepts to its network of stores.

In June 2016, the Group marked a milestone with the grand opening of the *Qingdao Lion Mall*, which signifies the Group's entry into the lifestyle shopping mall market segment in China. The *Qingdao Lion Mall* which has a gross floor area of 230,000 sqm and retail area of approximately 123,000 sqm, offers more than 200 brands to the consumers in Qingdao. Approximately 25% of the retail area is occupied by brands under the Group.

With Parkson China continuing to enhance cross platform experience for its customers, it had officially launched a mobile shopping application, *Parkson Plaza* in June 2016, where selected categories of products across different platforms have been synchronised to offer online consumers real time access to its in-store merchandise. Other omni-channel strategies include the installation of a smart ordering system in all our food and beverage ("F&B") outlets and provision of more mobile payment options to consumers.

- **Seize the Opportunities**

The Group will continue to enrich its products and services offerings through expansion of its fashion and F&B brands. The Group has been working tirelessly to strengthen its merchandise resources through the introduction of international brands and development of private labels namely *Zie Zac, Serena* and *Style Unlimited*. For the F&B sector, besides the launching of franchised brands and house brands, *Hogan Bakery* which is from Taiwan, and the first Parkson standalone supermarket were opened in Shanghai recently. With the increase in self owned offerings, Parkson is able to leverage on these exclusive franchises and private labels to offer unique products at the best prices to customers.

Meanwhile, the Group is reviewing its assets portfolio to identify opportunities to unlock resources held up by underperforming stores. Unlocked resources will be invested in new businesses that will expand the Group's revenue streams for continuous growth.

Vietnam and Myanmar (Parkson)

Discretionary retail spending in Vietnam remained fragile resulting in a decline in our Vietnam operations' SSS growth of 2.9% for the financial year under review. Its sales performance was affected by the increasingly crowded scene with continuing inflow of new retailers amid a weak retail environment in the country.

Following the closure of an underperforming store in Ho Chi Minh City as part of management's continuous efforts to optimise the performance of its network of stores, Parkson Vietnam has 8 stores remaining (inclusive of 3 managed stores) as at 30 June 2016 which are located in the top major cities namely Ho Chi Minh City (5 stores), and one each in Hanoi, Hai Phong and Danang.

Our single store in Yangon, Myanmar located in *FMI Centre Mall* has entered its third year of operation. However, as there are plans to re-develop the mall by the landlord, the Group has since secured a location for a replacement store which is expected to open in the coming financial year. The economic fundamentals of Myanmar remain promising and the Group is in discussion to open more stores to harness the rising consumption growth in the country.

Indonesia (Parkson, Centro and Kem Chicks)

Our Indonesia operations continued on its growth path by registering another year of impressive SSS growth of 4.7%. Consumer sentiment remained robust riding on the country's strong consumption pattern supported by growth in the middle class and young population. According to Bank Indonesia, the consumer confidence index in Indonesia remained above the 100-point confidence threshold throughout the financial year. Our operations however recorded operating losses due largely to losses by the new stores which are still in their gestation period.

The Group continued to establish its presence across the different major cities and towns in Indonesia. In November 2015, *Centro Manado Town Square*, the flagship store in the Manado of Sulawesi region was set up to cater for the fashion and lifestyle needs of the community there. In December 2015, the Group opened *Parkson Hartono Mall*, the third Parkson store in Indonesia, located at Yogyakarta in East Java.

As at 30 June 2016, the Group has a network of 16 stores (12 *Centro*, 3 *Parkson* and 1 *Kem Chicks*) spanning across Medan, Bali, Manado and major cities in Java Island. Plans are in the pipeline to open more stores to reach out to the underserved markets in the country.

Property and Others

Results from the Group's Property and other businesses for the financial year under review were mainly derived from the operation of F&B outlets, consumer financing business and investment holding. The lower performance for the current financial year was mainly due to the discontinuation of rental income from a shopping mall which was disposed of in January 2015 and losses incurred by new businesses.

Since the previous financial year, the Group has been rolling out its F&B outlets under the brand names of *Johnny Rockets, Franco, The Library Coffee Bar* and *Quiznos*. The newly launched *Urban Food Hall*, with few F&B brands under one roof, practises a new lifestyle dining concept of cross-ordering where cuisines of distinct restaurants are savoured in a shared seating area. The Group believes these F&B brands will become crowd pullers that will help to increase customer flow in the shopping malls.

This financial year marked the first anniversary of the Group's consumer financing business with the inception of *Parkson Credit* in November 2014. Its operation has contributed positively to the Group's profitability for the financial year under review. *Parkson Credit* is committed to providing customers with convenience in purchasing products via easy payment instalments based on a Syariah financing scheme. With the adoption of the latest web technology for its business, *Parkson Credit* allows simplicity, such as online application for credit financing. In April 2016, *Parkson Credit* achieved the *ISO 9001: 2008 Certification of Quality Management* for the provision of credit financing services. With the slogan '*Simply Easy*', *Parkson Credit's* philosophy and passion to become the newest innovator in the consumer easy financing market landscape shall propel the Group to greater heights.

DIVIDENDS

In respect of the financial year ended **30 June 2016**, a total of 51,858,500 treasury shares were distributed as share dividend on 29 August 2016 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

Share dividends distributed in respect of the financial year ended **30 June 2015**:

- A total of 61,703,857 treasury shares were distributed as share dividend on 8 August 2014 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded;

- A total of 50,954,468 treasury shares were distributed as share dividend on 26 March 2015 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded; and

- A total of 61,839,781 treasury shares were distributed as share dividend on 2 July 2015 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded.

PROSPECTS

Rooted in **China** for more than 22 years, Parkson China is adaptive to changing consumers' demands and has sailed through difficult times in the past. The Group believes that the emerging middle class with high disposable income is moving towards a lifestyle that embraces a total shopping experience well aligned with the Group's transformation strategies.

Meanwhile, the Group's retailing operations in **Southeast Asia** are expected to remain challenging in the near future. Consumer sentiment in Malaysia is likely to remain subdued amidst uncertain economic conditions whilst Parkson Vietnam will continue to face keen competition among retailers. Nevertheless, the Group sees opportunities from the growing aspirations of the middle class and a young demographic in Indonesia and believes the underserved markets in the country could deliver encouraging results to the Group. With our established footprint in the Southeast Asian department store industry, the Group is confident that the various initiatives would bode well for the Group.

ACKNOWLEDGEMENT

On behalf of the Board, I wish to extend my sincere thanks and appreciation to all our valued customers, suppliers, financiers, business associates, Government authorities and shareholders for their continued support, co-operation and confidence in the Group.

I would also like to convey my sincere appreciation and gratitude to my fellow Directors for their invaluable guidance, support and contribution throughout the year as well as to record my appreciation to our Management and staff for their dedication, commitment and contribution to the Group.

TAN SRI WILLIAM H.J. CHENG
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan ini membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad ("PHB" atau "Kumpulan") bagi tahun kewangan berakhir 30 Jun 2016.

PRESTASI KEWANGAN

Tahun kewangan ini merupakan tempoh penuh cabaran dengan industri runcit di pasaran operasi Kumpulan terus berdepan dengan tekanan. Republik Rakyat China ("PRC" atau "China") terus mengalami kelembapan pasaran seperti yang ditunjukkan dalam pertumbuhan Keluaran Dalam Negara Kasar yang lemah sebanyak 6.9% pada tahun 2015. Ekonomi Malaysia terus terjejas teruk dengan penurunan harga komoditi dan minyak mentah serta penyusutan nilai Ringgit berbanding mata wang utama, ketidaktentuan dalam pasaran kewangan dan peningkatan kos sara hidup, manakala prestasi operasi Vietnam kita, sebahagian besarnya terjejas akibat pertambahan ruang runcit baharu di tengah persekitaran runcit yang mengalami kemerosotan.

Berikutan keadaan persekitaran semasa itu, Kumpulan telah mencatatkan keputusan operasi berikut bagi tahun kewangan berakhir 30 Jun 2016:

- Hasil jualan kasar tinggi sedikit berjumlah RM12.0 bilion, meningkat sebanyak 1% berbanding RM11.9 bilion pada tahun sebelumnya; dan
- Kerugian operasi sebanyak RM105 juta berbanding keuntungan RM192 juta pada tahun sebelumnya.

Di sebalik cabaran yang dihadapi, tahun kewangan 2016 merupakan satu tempoh yang penting bagi Parkson setelah transformasinya kepada perniagaan runcit berkonsepkan gaya hidup mulai memperlihatkan momentum. Dengan memanfaatkan jalinan rangkaian yang meluas di seluruh China dan Asia Tenggara, ditambah pula dengan kedudukan kewangan yang kukuh, Kumpulan akan terus melaksanakan strateginya untuk kekal berada di hadapan dalam persekitaran operasi yang mencabar dan berubah-ubah dengan pantas.

PERKEMBANGAN KORPORAT

Semasa dan berikutan dengan tahun kewangan, Kumpulan telah melaksanakan peristiwa-peristiwa penting korporat seperti berikut:

(i) Pada bulan Ogos 2015, Kumpulan telah memuktamadkan pelupusan kira-kira 30% kepentingan ekuiti dalam Parkson Hanoi Co Ltd ("Parkson Hanoi") bagi pertimbangan tunai sebanyak AS$5,000 (bersamaan kira-kira RM19,000). Berikutan itu, Parkson Hanoi tidak lagi menjadi anak syarikat dan menjadi sebuah syarikat bersekutu Kumpulan. Berikutan pelupusan ini, Kumpulan memperoleh keuntungan bersih kira-kira RM139 juta.

(ii) Pada 13 September 2016, Parkson Retail Group Limited, anak syarikat yang mana 54.7% kepentingan dimiliki Syarikat, telah mengumumkan cadangan untuk melupuskan keseluruhan kepentingan ekuiti dalam anak syarikat milik penuhnya di China, yang memiliki sebuah bangunan dinamakan *Beijing Sun Palace Parkson* di Daerah Chaoyang di Beijing, dan pinjaman pemegang saham yang berkaitan dan wang lain bagi pertimbangan balasan tunai berjumlah Rmb2.3 bilion (bersamaan kira-kira RM1.4 bilion) ("Cadangan Penjualan"). Butiran Cadangan Penjualan tersebut dinyatakan pada halaman 186 di dalam Laporan Tahunan.

KAJIAN OPERASI

Kumpulan terlibat dalam pengendalian operasi gedung membeli-belah jenama "*Parkson*" dan "*Centro*". Gedung-gedung ini yang menawarkan pelbagai jenama fesyen antarabangsa terkemuka dan barangan gaya hidup yang berkaitan dengan menumpukan kepada empat kategori utama iaitu *Fesyen & Pakaian, Kosmetik & Aksesori, Kelengkapan Rumah & Elektrik,* dan *Barangan Dapur & Mudah Rosak,* menyasarkan kepada segmen pasaran golongan muda dan kontemporari.

Perniagaan runcit Kumpulan dikendalikan terutamanya oleh dua buah anak syarikat senaraian awam iaitu Parkson Retail Group Limited, tersenarai di Bursa Saham Hong Kong Limited, yang mengendalikan gedung membeli-belah Parkson di China; dan Parkson Retail Asia Limited, tersenarai di Singapore Exchange Securities Trading Ltd yang menaungi kesemua gedung runcit di Asia Tenggara.

Bilangan gedung yang dimiliki dan diuruskan serta prestasi di setiap lokasi adalah seperti berikut:

	Bilangan Gedung	
(Sehingga 30 Jun)	**2016**	**2015**
Malaysia	**44**	42
China	**58**	60
Vietnam dan Myanmar	**9**	10
Indonesia	**16**	14
	127	126

	Perolehan		Keuntungan/(Kerugian) Mengikut Segmen	
(RM Juta)	**2016**	**2015**	**2016**	**2015**
Operasi peruncitan di:				
- Malaysia	**887**	862	**36**	89
- China	**2,634**	2,496	**(90)**	128
- Vietnam dan Myanmar	**108**	124	**(9)**	(17)
- Indonesia	**181**	157	**(14)**	(10)
	3,810	3,639	**(77)**	190
Hartanah dan lain-lain	**76**	103	**(28)**	2
Ditolak : Antara segmen	**(2)**	(3)	**–**	–
	3,884	3,739	**(105)**	192

("Keuntungan/(kerugian) mengikut segmen" merujuk kepada operasi Keuntungan/(kerugian) sebelum faedah, bahagian hasil keputusan kewangan syarikat-syarikat bersekutu dan usahasama, perbelanjaan cukai pendapatan dan barangan tidak berulang)

Malaysia (Parkson)

Di dalam negara, sentimen pengguna terjejas oleh sikap pesimis mereka terhadap kos sara hidup yang meningkat, kejatuhan nilai mata wang Ringgit dan harga komoditi serta pendapatan boleh guna yang lebih rendah telah mengakibatkan Parkson Malaysia mencatatkan pertumbuhan negatif sebanyak 6.5% bagi jualan gedung yang sama ("SSS") dalam tahun kewangan semasa.

Bagi merangsang pertumbuhan, Parkson Malaysia berusaha menawarkan pelbagai rangkaian produk dan perkhidmatan untuk memenuhi gaya hidup pelanggan dan memenuhi pelbagai pilihan. Dalam tahun kewangan, Kumpulan telah memperkenalkan jenama fesyen terkemuka Korea iaitu *SPAO, MIXXO, WHO.A.U* dan *SHOOPEN* ke pasaran tempatan, meraih manfaat daripada populariti Korean Wave atau *Hallyu*. Kumpulan juga secara agresif dengan membuka kaunter di bawah jenama label persendirian iaitu *MARQ, MAVE, kor, FASZ* dan *ESTELA*, dan produk agensi daripada jenama antarabangsa di rangkaian gedungnya. Sebagai usaha mempelbagaikan lagi rangkaian penawarannya, Kumpulan telah melancarkan gedung pakaian di bawah jenama *LOL* yang menawarkan pakaian pada harga berpatutan. Penerimaan kepada jenama di atas sangat menggalakkan.

Parkson Maju Junction Shopping Mall yang terletak di tengah-tengah ibukota Kuala Lumpur mulai beroperasi pada bulan Julai 2015. Ini adalah pusat membeli-belah pertama di Malaysia yang diurus sepenuhnya oleh Kumpulan, di mana Parkson merupakan penyewa utama dan menempatkan aktiviti membeli-belah, makan-minum dan gaya hidup di bawah satu bumbung. Berikutan pembukaan gedung *Parkson Aman Central* (Alor Setar) dan *Parkson Vivacity Megamall* (Kuching), bilangan rangkaian gedung domestik meningkat kepada 44 buah pada 30 Jun 2016.

China (Parkson)

Sentimen pasaran runcit yang lemah serta diburukkan dengan persaingan yang semakin sengit daripada pendekatan membeli belah bentuk baharu di China, Parkson China mencatat pertumbuhan SSS negatif sebanyak 10%. Sungguhpun begitu, Kumpulan mampu meraih perolehan yang tinggi apabila mata wang Renminbi yang kukuh nilainya ditukar kepada mata wang Ringgit Malaysia.

Dengan industri runcit di China memasuki era perkembangan baharu yang menawarkan peluang dan cabaran, Kumpulan kekal menumpukan pelaksanaan strategi ke arah mencapai visinya menjadi peruncit berkonsep gaya hidup di mana usahanya berjaya mendapat pengiktirafan pasaran.

- **Transformasi Diteruskan**

  Dalam tahun kewangan ini, Kumpulan terus menjalin perkongsian perniagaan lebih rapat dengan para pemain sektor utama. Pada bulan Januari 2016, Kumpulan secara rasminya melancarkan pusat membeli-belah gaya hidup bandar bercitarasa Korea pertama di China, *Parkson Newcore Citymall* di Shanghai secara usaha sama dengan Kumpulan E-Land dari Korea. Gedung yang membawakan tema Korea ini menawarkan rangkaian meluas pilihan barangan dan hidangan makanan, serta merupakan pusat membeli belah pertama yang menawarkan barangan pada harga berpatutan dan memberi nilai kepada wang di bandar berkenaan. Kumpulan akan terus melancarkan konsep runcit yang inovatif dan kreatif menerusi rangkaian gedung-gedungnya.

  Pada bulan Jun 2016, Kumpulan mencatat sejarah dengan pembukaan besar-besaran *Qingdao Lion Mall* yang menandakan kemasukan Kumpulan dalam segmen pasaran pusat membeli-belah gaya hidup di China. *Qingdao Lion Mall* yang mempunyai keluasan lantai kasar 230,000 meter persegi dan ruang runcit kira-kira 123,000 meter persegi, menawarkan lebih daripada 200 jenama kepada para pengguna di Qingdao. Kira-kira 25% daripada ruang runcit dipenuhi oleh jenama-jenama di bawah Kumpulan.

  Ketika usaha diteruskan untuk meningkatkan pengalaman para pelanggan untuk membeli belah menggunakan platform bersilang, Parkson China secara rasmi melancarkan aplikasi membeli-belah mudah alih, *Parkson Plaza* pada bulan Jun 2016, di mana produk dari kategori terpilih dari pelbagai platform disegerakkan (synchronised) bagi membolehkan para pengguna membeli barangan yang terdapat di gedung secara dalam talian dengan akses masa nyata. Strategi saluran omni lain termasuk pemasangan sistem pesanan pintar di semua outlet makanan dan minuman ("F&B") kita dan memperuntukan lebih banyak pilihan pembayaran mudah alih untuk pengguna.

- **Merebut Peluang**

  Kumpulan akan terus memperkayakan penawaran produk dan perkhidmatannya melalui perluasan jenama fesyen dan F&B. Kumpulan telah bekerja keras untuk mengukuhkan sumber barang dagangan melalui pengenalan jenama antarabangsa dan pembangunan label persendirian seperti *Zie Zac, Serena* dan *Style Unlimited*. Bagi sektor F&B, selain melancarkan jenama francais dan jenama sendiri, *Hogan Bakery* dari Taiwan, dan pasar raya tunggal Parkson telah dibuka di Shanghai baru-baru ini. Dengan meningkat penawaran jenama milik sendiri, Parkson mampu memanfaatkan francais eksklusif dan label persendirian sebaik mungkin bagi menawarkan produk yang unik pada harga terbaik kepada pelanggan.

  Sementara itu, Kumpulan sedang mengkaji portfolio asetnya untuk mengenal pasti peluang-peluang untuk merungkai sumber-sumber yang ada di gedung-gedung yang berprestasi rendah. Sumber-sumber berkenaan akan dilaburkan ke dalam perniagaan baharu yang dapat mengembangkan aliran pendapatan Kumpulan bagi pertumbuhan berterusan.

Vietnam dan Myanmar (Parkson)

Perbelanjaan runcit yang kekal rapuh menyebabkan berlakunya penurunan pertumbuhan SSS sebanyak 2.9% dalam operasi perniagaan di Vietnam bagi tahun kewangan yang dikaji. Prestasi jualan terjejas berikutan persekitaran runcit di negara ini yang semakin lemah dan dipenuhi kemasukan peruncit .

Berikutan penutupan gedung yang berprestasi rendah di Bandaraya Ho Chi Minh sebagai sebahagian daripada usaha berterusan pihak pengurusan untuk mengoptimumkan prestasi rangkaian gedung-gedungnya, Parkson Vietnam mempunyai 8 gedung (termasuk 3 gedung diurus sendiri) setakat 30 Jun 2016. Gedung-gedung ini terletak di bandar-bandar utama iaitu Bandaraya Ho Chi Minh (5 buah), dan setiap sebuah di Hanoi, Hai Phong dan Danang.

Gedung tunggal kita di Yangon, Myanmar yang terletak di *FMI Centre Mall*, kini memasuki tahun ketiga beroperasi. Bagaimanapun, oleh kerana pemilik tanah mempunyai perancangan untuk membangun semula pusat membeli belah itu, Kumpulan telah mendapatkan lokasi baharu untuk menempatkan gedung gantian yang dijangka akan dibuka pada tahun kewangan akan datang. Myanmar terus menyaksikan asas ekonomi yang cerah dan Kumpulan kini dalam perbincangan untuk membuka lebih banyak gedung bagi memanfaatkan pertumbuhan penggunaan yang semakin meningkat di negara ini.

Indonesia (Parkson, Centro and Kem Chicks)

Operasi kita di Indonesia terus berada pada landasan pertumbuhan dengan mencatatkan satu lagi tahun pertumbuhan SSS yang membanggakan sebanyak 4.7%. Meraih faedah daripada corak penggunaan yang kukuh di negara ini berikutan sokongan pertumbuhan kelas pertengahan dan golongan muda, sentimen pengguna kekal mantap. Menurut Bank Indonesia, indeks keyakinan pengguna di Indonesia kekal melebihi nilai ambang keyakinan 100-mata dalam tahun kewangan. Operasi kita bagaimanapun gagal mencatat keuntungan berikutan kerugian yang dialami oleh gedung-gedung baharu yang masih di peringkat awal operasi.

Kumpulan terus mengukuhkan kedudukannya di beberapa bandar dan pekan utama di Indonesia. Pada bulan November 2015, *Centro Manado Town Square*, gedung utama di Manado, di Wilayah Sulawesi telah dibuka bagi memenuhi keperluan fesyen dan gaya hidup masyarakat di sana. Pada bulan Disember 2015, Kumpulan telah membuka *Parkson Hartono Mall*, gedung Parkson ketiga di Indonesia, yang terletak di Yogyakarta, di Jawa Timur.

Setakat 30 Jun 2016, Kumpulan mempunyai rangkaian 16 buah gedung (12 *Centro*, 3 *Parkson* dan 1 *Kem Chicks*) di Medan, Bali, Manado dan bandar-bandar utama di Pulau Jawa. Rancangan sedang dibuat untuk membuka lebih banyak gedung bagi menerokai pasaran-pasaran baru di negara ini.

Hartanah dan Lain-lain

Hasil kewangan operasi Hartanah dan perniagaan lain Kumpulan bagi tahun kewangan semasa diraih terutamanya daripada perniagaan pengendalian outlet F&B, perniagaan pembiayaan pengguna dan pegangan pelaburan. Prestasi yang lebih rendah bagi tahun kewangan ini adalah disebabkan terutamanya oleh pemberhentian pendapatan sewa dari pusat membeli-belah yang dilupuskan pada bulan Januari 2015 dan kerugian yang ditanggung oleh perniagaan baharu.

Sejak tahun kewangan yang lalu, Kumpulan telah melancarkan outlet F&B di bawah jenama *Johnny Rockets, Franco, The Library Coffee Bar* dan *Quiznos*. *Urban Food Hall* yang baru dilancarkan, dengan beberapa jenama F&B di bawah satu bumbung, menawarkan konsep menikmati hidangan gaya hidup baharu secara pesanan bersilang di mana hidangan daripada restoran berlainan boleh dinikmati di kawasan tempat duduk yang dikongsi bersama. Kumpulan percaya jenama-jenama F&B ini akan menjadi daya penarik kepada orang ramai dan dapat membantu meningkatkan aliran pelanggan di pusat membeli-belah.

Tahun kewangan ini menandakan ulang tahun pertama perniagaan pembiayaan pengguna Kumpulan sejak penubuhan *Parkson Credit* pada bulan November 2014. Operasi perniagaan ini telah memberikan sumbangan yang positif kepada keuntungan Kumpulan bagi tahun kewangan yang dikaji. *Parkson Credit* komited untuk menyediakan perkhidmatan pembelian produk secara bayaran ansuran mudah berlandaskan skim pembiayaan Syariah. Dengan menerima pakai teknologi sesawang atau web terkini untuk perniagaannya, *Parkson Credit* memudahkan urusan seperti permohonan dalam talian bagi pembiayaan kredit. Pada bulan April 2016, *Parkson Credit* menerima *ISO 9001: 2008 Pengurusan Kualiti* bagi penyediaan perkhidmatan pembiayaan kredit. Dengan menggunakan slogan 'Sangat Mudah', falsafah dan semangat *Parkson Credit* untuk menjadi peneraju pembaharuan dalam pasaran pembiayaan mudah pengguna akan melonjakkan Kumpulan ke tahap yang lebih tinggi.

DIVIDEN

Bagi tahun kewangan berakhir **30 Jun 2016**, sejumlah 51,858,500 saham perbendaharaan telah diagihkan sebagai dividen saham pada 29 Ogos 2016 pada asas satu (1) saham perbendaharaan untuk setiap dua puluh (20) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan.

Dividen saham yang diluluskan pada tahun kewangan berakhir **30 Jun 2015**:

- Pada 8 Ogos 2014, sejumlah 61,703,857 saham perbendaharaan diagihkan sebagai dividen saham pada asas tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan;

- Pada 26 Mac 2015, sejumlah 50,954,468 saham perbendaharaan diagihkan sebagai dividen saham pada asas satu (1) saham perbendaharaan untuk setiap dua puluh (20) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan; dan

- Pada 2 Julai 2015, sejumlah 61,839,781 saham perbendaharaan diagihkan sebagai dividen saham pada asas tiga (3) saham perbendaharaan untuk setiap lima puluh (50) saham biasa bernilai RM1.00 sesaham yang dipegang dalam Syarikat, pecahan saham perbendaharaan diabaikan.

PROSPEK

Bertapak kukuh di **China** sejak lebih 22 tahun lalu, Parkson China kini peka terhadap perubahan permintaan pengguna setelah berjaya mengharungi masa-masa yang sukar sebelumnya. Kumpulan percaya kemunculan golongan kelas pertengahan yang memiliki pendapatan boleh guna yang tinggi dan kini menjadikan pengalaman membeli belah sebagai gaya hidup mereka adalah seiring dengan strategi transformasi Kumpulan.

Sementara itu, operasi peruncitan Kumpulan di **Asia Tenggara** dijangka kekal mencabar dalam masa terdekat. Sentimen pengguna di Malaysia dijangka kekal lemah di tengah-tengah keadaan ekonomi yang tidak menentu manakala Parkson Vietnam akan terus berdepan dengan persaingan yang sengit dalam kalangan peruncit negara itu. Namun begitu, Kumpulan melihat peluang daripada aspirasi golongan kelas pertengahan dan golongan muda di Indonesia dan percaya pasaran yang masih kurang diberikan perhatian di negara ini boleh memberikan hasil yang memberangsangkan kepada Kumpulan. Setelah bertapak kukuh dalam industri gedung membeli-belah di Asia Tenggara, Kumpulan yakin bahawa pelbagai inisiatif yang dilaksanakan akan mendatangkan hasil yang baik kepada Kumpulan.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin merakamkan penghargaan dan ucapan terima kasih yang tulus ikhlas kepada para pelanggan, pembekal, pembiaya kewangan, sekutu perniagaan, pihak berkuasa kerajaan dan pemegang saham atas sokongan, kerjasama dan keyakinan mereka terhadap Kumpulan.

Saya juga ingin mengucapkan setinggi-tinggi penghargaan dan rasa terhutang budi kepada rakan-rakan Pengarah atas bimbingan, sokongan dan sumbangan tidak ternilai yang diberikan sepanjang tahun kewangan dan tidak dilupakan kepada pihak pengurusan dan kakitangan atas dedikasi, komitmen dan sumbangan mereka kepada Kumpulan.

TAN SRI WILLIAM H.J. CHENG
Pengerusi

主席报告

我谨代表董事部，提呈百盛控股有限公司，截至2016年6月30日的常年报告和经审核财务报告。

财务表现

本会计年度是充满挑战的一年，因为零售业在本集团所营运的市场中继续面对逆境。中国继续经历市场减缓，这可以从2015年国内总生产成长率疲弱，只有6.9%表现出来。至于马来西亚的经济，仍然受到原产品价格和石油产品价格疲弱、马币对各主要货币的汇率贬值、金融市场变幻不定以及生活费上涨等因素的不利影响。而我们在越南的业务表现，大致上受到疲弱的零售业环境再加上新零售企业的增加所妨碍。

在现有的市场情况下，本集团在2016年会计年度的营业业绩如下：

- 总营业额稍微增加1%至120亿令吉，上一个会计年度是119亿令吉；和
- 营业亏损1亿500万令吉，上一年度是盈利1亿9千200万令吉。

尽管面对挑战，2016会计年度对百盛而言是意义重大的一年，因为它的转业计划，即是将传统零售业改变成一种以时尚生活为理念的零售业已开始取得动力。本集团利用在中国和东南亚广泛网络的优势，加上具有强劲的财务状况，将继续执行其战略，以便在挑战性和迅速变化的营业环境下占有领先地位。

公司发展

在本会计年度期间及期后，本集团采取下述重大的企业事项：

(i) 在2015年8月，本集团以5千美元 (约1万9千令吉) 完成脱售百盛河内有限公司 (“百盛河内”) 的大约30%股权。在这项脱售之后，百盛河内成为本集团的联号，不再是本集团的子公司。本集团在这项脱售中取得大约1亿3千900万令吉的净盈利。

(ii) 在2016年9月13日，百盛商业集团有限公司 (本公司拥有54.7%股份的子公司)，宣布它将以人民币23亿 (相等于大约14亿令吉) 脱售在中国的一间子公司的全部股权。那家子公司在北京朝阳区拥有一栋大厦，取名 *“北京太阳宫百盛”* *(Beijing Sun Palace Parkson)* 以及相关的股东贷款和其他货币。建议出售的详情，在本常年报告的第186页披露。

业务检讨

本集团主要经营以 *“百盛”* 和 *“Centro”* 为品牌的百货公司。它提供一系列与时尚生活方式有关的国际知名品牌的商品。主要集中在四类商品即*时装与服装*、*化妆品与装饰品*、*家用产品与电器用品*以及*食品杂货与保鲜商品*，对象是年轻一代和当代细分市场。

本集团的零售业务，主要由两家上市子公司负责经营：即在香港股票交易所上市的*百盛商业集团有限公司*，负责在中国经营 *“百盛”* 品牌的百货公司以及在新加坡股票交易所上市的 *Parkson Retail Asia Limited*，负责经营我们在东南亚的所有零售百货公司。

本集团在每一地点拥有和管理的百货公司的数目以及其业务表现如下：

	百货公司数目	
(在6月30日)	**2016**	**2015**
马来西亚	**44**	42
中国	**58**	60
越南和缅甸	**9**	10
印尼	**16**	14
	127	126

	营业额		各组利润/(亏损)	
(单位：百万令吉)	2016	2015	2016	2015
零售业务：				
- 马来西亚	**887**	862	**36**	89
- 中国	**2,634**	2,496	**(90)**	128
- 越南和缅甸	**108**	124	**(9)**	(17)
- 印尼	**181**	157	**(14)**	(10)
	3,810	3,639	**(77)**	190
产业及其他	**76**	103	**(28)**	2
减去：各组之间交易	**(2)**	(3)	**–**	–
	3,884	3,739	**(105)**	192

("各组利润/(亏损)"，是指在还没有把利息、分享联号和联营公司的业绩，所得税开支和一次过的项目计算在内的营业利润/(亏损))。

马来西亚（百盛）

在本会计年度，马来西亚百盛的同店销售取得负增长6.5%，这是由于生活费用上涨，令吉值疲弱，原产品价格下跌以及人们可支配所得减少导致消费者产生了悲观情绪，影响了消费信心。

为了刺激成长，马来西亚百盛提供范围广泛的产品和服务，以迎合顾客对时尚生活的追求和满足各种不同的选择。在本会计年度，本集团为了配合广受欢迎的 "韩流"，引进了来自韩国快速流行的各种著名时装品牌，即 *SPAO*、*MIXXO*、*WHO.A.U* 和 *SHOOPEN*。本集团也在其连销百货公司，积极开拓自有品牌专柜，品牌包括 *MARQ*、*MAVE*、*kor*、*FASZ* 和 *ESTELA*，以及代理国际品牌的系列产品。为了使产品更加多元化，本集团推出以 *LOL* 为品牌的商店，提供以人们负担得起的价格出售的服装。这些品牌在市场的接受度令人鼓舞。

设在吉隆坡市中心的 *Parkson Maju Junction Shopping Mall*，在2015年7月开始营业。这个购物广场的主要租户是百盛。它是本集团在马来西亚的第一个由本集团完全管理的购物广场，它把购物、用餐和时尚生活集合在一个屋檐下。随着位于亚罗士打的 *Parkson Aman Central* 和古晋的 *Parkson Vivacity Megamall* 的百盛百货公司开始营业，截至2016年6月30日，我们在国内的百货公司增加至44家。

中国（百盛）

在中国，由于零售市场消费情绪疲弱，以及新型的购物模式加入市场而形成日益激烈的竞争，导致中国的同店销售取得负增长10%。不过，由于人民币币值强劲，我们取得较高的营业收入当兑换为令吉。

在中国，零售业演变到进入全新的领域，既带来挑战，也带来机会。本集团仍然集中在执行其策略，以实现其宏愿，把传统零售业转型成以时尚生活为理念的零售业，这项努力获得市场广泛赞扬。

- **持续推进转型**

  在本会计年度，本集团继续和这个行业的主要行家建立密切商业伙伴关系。在2016年1月，本集团在上海开设在中国的第一家以韩国城市时尚生活为主题的购物广场，即*百盛优客城市广场*已正式营业，这个广场是由百盛集团和韩国衣恋集团合资。这个以韩国时尚为主题的购物广场销售范围广泛的商品和多样化的美食。它是第一家销售优惠价商品的城市零售购物广场，提供各种物有所值的商品。本集团将继续为其连销百货公司推出新颖和具有创意的零售概念。

  在2016年6月，本集团进入另一个里程碑，*青岛金狮广场*的盛大开幕，标志着本集团进军中国的时尚生活购物广场市场的领域。*青岛金狮广场*的总建筑面积是230,000平方公尺，而零售区的面积是大约123,000平方公尺，为青岛的消费者提供超过200个品牌商品。本集团的自有品牌占据大约25%的零售面积。

中国百盛继续为其顾客提升跨平台体验并于2016年6月正式推出一款移动购物应用程式 *“百盛商城”*。我们同时从不同平台精选产品种类，令线上消费者可实时浏览我们的门店商品。其他全面性渠道策略，包括在我们的所有食物与饮料销售处装置智能订购系统，以及为顾客提供更多流动付款选择。

- **把握商机**

本集团将继续通过扩大时装与餐饮品牌，提供更多产品与服务。本集团不懈的努力，通过推广国际品牌与发展自有的品牌，包括 *Zie Zac*、*Serena* 和 *Style Unlimited*，以加强商品资源。在餐饮方面，除了推动特许经营品牌和自有品牌，来自台湾的哈肯舖 *(Hogan Bakery)* 和百盛的第一家独立的超级市场最近在上海开幕。通过增加自有产品，百盛也能够通过这些独家的特许经营品牌和自有品牌，向顾客提供价格最相宜的独特产品。

另一方面，本集团正在检讨其资产投资组合，物色机会释放表现欠佳的百货公司所持有的资源。资源将投资在新的业务，用来扩大本集团的营业额，以便继续取得增长。

越南和缅甸（百盛）

在越南，可自由支配的零售业开支仍然脆弱，导致在本会计年度，我们在越南的业务的同店销售取得负增长2.9%。销售业表现大致上受到疲弱的零售业环境再加上新的零售企业持续涌入所影响。

越南百盛的管理层继续致力于最优化其百货公司网络的表现，关闭了在胡志明市的一家业务欠佳的百货公司之后，截至2016年6月30日，在越南仍然有8家百货公司 (包括3家管理的百货公司)，分别分布在各大城市，包括胡志明市(5家)，以及河内、海防和岘港 (各1家)。

我们在缅甸仰光的唯一一家百货公司开设在 *FMI Centre Mall*，营业已经进入第三年。不过，由于业主打算重新发展该购物广场，本集团已寻得另外一个地点作为百货公司的替代地点，预料将在下一个会计年度开设营业。缅甸的经济基本因素仍然前景良好，本集团正在商议在缅甸开设更多家百货公司，以满足不断增加的消费者需求。

印尼（百盛、Centro 和 Kem Chicks）

我们在印尼的业务继续取得成长，在本会计年度取得可观的4.7%的同店销售额增长。由于中产阶级和年轻人口增加，支撑了该国强劲的消费形态，消费者情绪仍然强劲。根据 (印尼银行) 的数据，在本会计年度，印尼的消费者信心指数一直高过100点的信心门槛。不过，我们的业务仍然蒙受营业亏损，主要是由于仍处在酝酿期的新百货公司蒙受亏损。

本集团继续在印尼的主要城市开设百货公司。在2015年11月，本集团在苏拉威西区万鸦老设立旗舰百货公司 *Centro Manado Town Square*，以迎合该地社区对时装和时尚生活的追求。在2015年12月，本集团在东爪哇的日惹开设 *Parkson Hartono Mall*，那是本集团在印尼的第三家百盛百货公司。

截至2016年6月30日，本集团在印尼共有16家百货公司 (*Centro* 12家、百盛3家、*Kem Chicks* 1家)，分别分布在棉兰、巴厘岛、万鸦老和爪哇岛各大城市。本集团打算在印尼开设更多百货公司，以便为该国不足的百货公司市场提供服务。

产业及其他

本集团的产业和其他商业的业绩，主要来自餐饮业，消费者融资和投资控股的业务。本会计年度表现较差，是由于在2015年出售了一座购物广场，失去了租金收入，以及新业务蒙受亏损。

自上一个会计年度以来，本集团推出了各种品牌的饮食店，包括 *Johnny Rockets*、*Franco*、*The Library Coffee Bar*和 *Quiznos*。新开张的 *Urban Food Hall*，把几个饮食业品牌聚集在一起，实行了交叉点菜的时尚生活方式用餐概念，即在共用的座位区品赏不同餐馆的菜肴。本集团相信，这些餐饮品牌会吸引人潮，协助增加购物广场的顾客流量。

本会计年度标志着本集团的消费者融资业 *"百盛信贷"* (*Parkson Credit*) 自2014年11月推介已营业一周年。它的业务，对本集团在本会计年度的盈利作出积极贡献。*"百盛信贷"* 是一个符合回教教义的融资计划，为顾客提供方便，让他们可以通过简单的分期付款方式购买产品。*"百盛信贷"* 采用最新的电脑网络科技，使到顾客可以用简单的方式(诸如上网申请) 取得信贷融资。在2016年4月，*"百盛信贷"* 所提供的信贷融资服务，取得了*ISO 9001: 2008素质管理证书*。采用 *"简单方便"* 的口号，*"百盛信贷"* 的哲学和热诚，在消费者简易融资市场成为最新的创新者，应该会把本集团推到新的高峰。

股息

就截至**2016年6月30日**的会计年度，在2016年8月29日，总共派出51,858,500股库存股作为股票股息，派息的基础是凡持有本公司面值1.00令吉的普通股20股，派发1股库存股，库存股不足1股不计。

就截至**2015年6月30日**的会计年度，分配股票股息的情况如下：

- 在2014年8月8日，总共派出61,703,857股库存股作为股票股息，凡持有本公司面值1.00令吉的普通股50股，派发3股库存股，库存股不足1股不计。
- 在2015年3月26日，总共派出50,954,468股库存股作为股票股息，凡持有本公司面值1.00令吉的普通股20股，派发1股库存股，库存股不足1股不计。
- 在2015年7月2日，总共派出61,839,781股库存股作为股票股息，凡持有本公司面值1.00令吉的普通股50股，派发3股库存股，库存股不足1股不计。

展望

中国百盛在**中国**扎根超过22年，所以能够适应正在改变的消费者需求，这期间也曾渡过困难时刻。本集团深信，随着拥有高可支配收入的新兴中产阶级追求全面购物经验的时尚生活，正好与本集团的转型策略配合。

另一方面，本集团在**东南亚**的零售业务，未来预料将继续面对挑战。在马来西亚，由于经济情况不明朗，消费者情绪预料保持低落。越南百盛将会继续面对与其他零售业者的激烈竞争。无论如何，本集团在印尼看到机会，因为中产阶级和年轻人希望享有更美好的生活，而由于该国拥有不足够的百货公司市场，这将会为本集团带来令人鼓舞的业绩。本集团在东南亚的百货公司行业已经留下印记，深信各种主动倡议将会是好兆头，为本集团带来利益。

鸣谢

我谨代表董事会，真诚感谢所有我们尊贵的客户、供应商、金融家、商业伙伴、各政府单位以及股东们，感谢他们继续给予本集团支持与合作，以及对本集团具有信心。

我也要深切赞扬和感谢董事们，一年来给予宝贵的指导与贡献。我同时感谢各阶层的管理层和雇员对本集团的奉献、承诺与服务。

主席
丹斯里锺廷森

SUSTAINABILITY STATEMENT

The Group is working towards a more comprehensive Sustainability reporting based on the Global Reporting Initiative (GRI) to address the challenges, opportunities and interests of our workplace, marketplace, community and the environment. This reflects our commitment towards good corporate governance and the sustainability of our business operations.

Community

Corporate Social Responsibility is an integral part of our business ethos with the Group ever mindful of its role as a corporate citizen in contributing to society while enhancing the bottom-line and stakeholders' value. The Group is focused on helping the community to advance through education and medical care via the two Foundations established by Lion Group of Companies of which the Group is a member.

The Lion-Parkson Foundation disburses funds for various needs such as education, charity and scientific research; and every year, offers scholarships to undergraduates in the local universities. It also participates in the yearly Educare programme in conjunction with Parkson's Back-To-School Charity Drive where Parkson stores nationwide act as collection centres for the public to donate essential school items such as uniforms, shoes and stationery, which are distributed to 5,000 needy school children throughout the country.

The Foundation had organised a charity run in November 2015 to raise funds for the construction of phases 2 and 3 of the Home for Handicapped and Mentally Disabled Children in Selangor.

The Lion Group Medical Assistance Fund provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery, purchase of medical equipment and medication. The Fund also sponsors community health programmes such as medical camps, and the purchase of dialysis machines for Dialysis Centres providing subsidised treatment to those suffering from kidney failure.

Environment

Under its *Parkson Cares My Park* programme, the Group had adopted parks in various states with the objective to maintain the parks for the enjoyment and benefit of the surrounding communities. The programme involved restoration, enhancement and upgrading the facilities to improve the condition of the parks and recreational amenities in promoting a green environment and healthier lifestyle for the public.

Parkson's commitment to preserving the environment is also reflected in its line of environmentally friendly woven bags made from recycled plastic bottles and participation in the `No Plastic Bag Day' adopted by several states to reduce the use of plastic bags.

Marketplace

The Group is committed to continuously improve the attributes of efficiency, governance and integrity in all its business conduct. We have reinforced corporate values and good business ethics through the formalisation of policies and frameworks namely Integrity & Fraud Risk, Group Procurement, Code of Business Practices, Competition, Whistleblower and Group Personal Data Protection which also seek to reach out to stakeholders in the marketplace via increased transparency with the policies published on our corporate website.

Workplace

We recognise our employees as key assets, hence managing talent at all levels is a key priority. Our Human Resource (HR) policies and guidelines comply with all relevant legislations and have been designed to ensure that our workplace embraces diversity, inclusion, equality and innovation. Above all, we expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group.

The Group's efforts to attract, develop, motivate and retain its employees are pursued within the ambit of five HR strategic focus areas or pillars – Talent Management, Rewards, Capability Building, HR Operational Excellence and Employee Engagement.

The following are key highlights of our efforts to create a healthy and conducive workplace:

- **Talent Acquisition**

  We assess applicants for employment in our Group of Companies based on objective criteria regardless of their ethnic background, gender, age, religion, disability or any factors which do not have bearing on job requirements. Lion-Parkson Foundation's scholarship programme builds a healthy pipeline of talent for our businesses.

- **Talent Management**

  We take stock of talent requirements for our businesses to allow high-potential employees the opportunities to be developed and progressed to senior and challenging roles at the Company and Group level. This will also serve to retain and cross-pollinate key talents within the Group.

- **Capability Building**

  We provide learning and development opportunities in respect of technical, functional and behaviour competencies for our employees in line with their job requirements and career aspirations. Learning interventions are delivered on-the-job, via formal class training and continuing education.

- **Rewards and Performance**

  We review and implement remuneration practices that are externally competitive and internally fair and equitable. Our reward process is closely linked to performance management process; our employees can expect to receive salary adjustments and bonus awards which directly relate to their performance and contributions.

- **HR Operational Excellence**

  We continue to streamline, standardise and simplify our HR policies and processes in line with the requirements of our global organisation. We trust that with our recently implemented LionPeople Global HR Information System (HRIS), it will take our people management agenda to the next level.

- **Employee Engagement**

  We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town-halls, "lunch & learn", festival open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees.

- **Safety & Health in the Workplace**

  The safety and health of our employees is vital to our businesses, hence we actively promote a safe and healthy culture. We ensure training and equipments are in place to prevent accidents and injuries at all times. Workplace incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence.

- **Employee Code of Conduct**

  We appraise our employees on the Group's Code of Conduct and the need to conduct business at the highest ethical standards. We adopt zero tolerance to bribery and corrupt practices or behaviours that may bring disrepute to the Group or its employees.

Moving Forward

We are committed to promote good corporate governance and sustainability in our business operations. Our corporate website provides more information on our initiatives and efforts to this end.

FINANCIAL STATEMENTS
2016
For The Financial Year Ended 30 June 2016

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2016.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16 to the financial statements.

There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year.

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(162,333)	(1,103,334)
Loss for the financial year attributable to:		
Owners of the parent	(95,741)	(1,103,334)
Non-controlling interests	(66,592)	–
	(162,333)	(1,103,334)

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than, in respect of the Group, a gain on dilution of interest in a subsidiary amounting to RM139,221,000 and in respect of the Company, an allowance for impairment loss on amounts due from subsidiaries amounting to RM1,096,900,000 (2015: RM207,910,000).

DIVIDENDS

The amount of share dividends paid by the Company since 30 June 2015 were as follows:

		RM'000
(a)	In respect of the financial year ended 30 June 2015 as reported in the Directors' report of that year, a total of 61,839,781 treasury shares were distributed on 2 July 2015 as share dividend on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded	138,959
(b)	In respect of the financial year ended 30 June 2016, a total of 51,858,500 treasury shares were distributed on 29 August 2016 as share dividend on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded	48,540
		187,499

The Directors do not recommend the payment of a final dividend in respect of the current financial year.

DIRECTORS

The Directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri William H.J. Cheng
Cheng Hui Yen, Natalie
Tan Sri Abdul Rahman bin Mamat
Zainab binti Dato' Hj. Mohamed
Yeow Teck Chai
Ooi Kim Lai

In accordance with Article 98 of the Company's Articles of Association, Y. Bhg. Tan Sri Abdul Rahman bin Mamat retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election as Director of the Company.

In accordance with Article 98 of the Company's Articles of Association, Mr Yeow Teck Chai retires by rotation at the forthcoming Annual General Meeting and, being eligible, offers himself for re-election as Director of the Company.

Pursuant to Section 129(6) of the Companies Act, 1965, Y. Bhg. Tan Sri William H.J. Cheng retires and offers himself for re-appointment as Director of the Company to hold office until the next Annual General Meeting.

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the Directors might acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive a benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 8(b) to the financial statements) by reason of a contract made by the Company or a related corporation with any Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest, except as disclosed in Note 35 to the financial statements.

DIRECTORS' INTERESTS

According to the Register of Directors' Shareholdings, the interests of the Directors in office at the end of the financial year in shares in the Company during and at the end of the financial year are as follows:

	Number of ordinary shares of RM1.00 each			
	1.7.2015	**Acquired**	**Disposed**	**30.6.2016**
Tan Sri William H.J. Cheng				
Direct interest	336,589,876	20,195,390	(15,020,000)	341,765,266
Indirect interest	276,281,166	36,663,363	(21,965,510)	290,979,019
Ooi Kim Lai				
Direct interest	178	10	–	188

The interests of the Directors in office at the end of the financial year in shares in the related corporations during and at the end of the financial year are as follows:

	Nominal value per ordinary share	**1.7.2015**	**Number of shares Acquired**	**Disposed**	**30.6.2016**
Tan Sri William H.J. Cheng					
Direct Interest					
Parkson Retail Asia Limited ("PRA")	*	500,000	–	–	500,000

	Nominal value per ordinary share	**26.8.2015 [a]**	**Number of shares Acquired**	**Disposed**	**30.6.2016**
Cheng Hui Yen, Natalie					
Direct Interest					
PRA	*	50,000	–	–	50,000

DIRECTORS' INTERESTS (continued)

Tan Sri William H.J. Cheng
Indirect Interest

	Nominal value per ordinary share	1.7.2015	Number of shares Acquired	Disposed	30.6.2016
AUM Hospitality Sdn Bhd	RM1.00	60,000	–	–	60,000
AUM Asiatic Restaurants Sdn Bhd	RM1.00	187,500	–	–	187,500
Collective Entity Sdn Bhd	RM1.00	300,000	–	–	300,000
Fantastic Red Sdn Bhd	RM1.00	75,000	–	–	75,000
Giftmate Sdn Bhd	RM1.00	120,000	–	–	120,000
Kiara Innovasi Sdn Bhd	RM1.00	3,000,000	–	–	3,000,000
PRA	*	457,933,300	–	–	457,933,300
Parkson Edutainment World Sdn Bhd	RM1.00	700,000	–	–	700,000
Parkson Myanmar Investment Company Pte Ltd	*	2,100,000	–	–	2,100,000
Parkson Retail Group Limited	HK$0.02	1,448,270,000	–	–	1,448,270,000
Super Gem Resources Sdn Bhd	RM1.00	2	699,998	–	700,000
The Opera Gastroclub Sdn Bhd	RM1.00	2,250,000	–	–	2,250,000
Urban Palette Sdn Bhd	RM1.00	720,000	–	–	720,000
Vertigo Dot My Sdn Bhd	RM1.00	60,000	–	–	60,000

	Currency	1.7.2015	Acquired	Disposed	30.6.2016
Investments in the People's Republic of China					
Chongqing Wanyou Parkson Plaza Co Ltd	Rmb	24,500,000	–	–	24,500,000
Dalian Tianhe Parkson Shopping Centre Co Ltd	Rmb	60,000,000	–	–	60,000,000
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Qingdao No. 1 Parkson Co Ltd	Rmb	223,796,394	–	–	223,796,394
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	Rmb	10,200,000	–	–	10,200,000

	Nominal value per ordinary share	10.7.2015 (b)	Number of shares Acquired	Disposed	30.6.2016
Yeehaw Best Practices Sdn Bhd	RM1.00	70	–	–	70

* Shares in companies incorporated in Singapore do not have a par value.
(a) Date of appointment as Director.
(b) Became a related corporation on 10 July 2015.

Save as disclosed above, none of the other Directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

TREASURY SHARES

During the financial year, the Company repurchased a total of 49,000,400 of its issued ordinary shares from the open market at an average price of RM0.93 per share. The total consideration paid for the repurchased shares including transaction costs was RM45,375,000. The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2016, the number of treasury shares held were 50,302,480 shares. Further details are disclosed in Note 28 to the financial statements.

EXECUTIVE SHARE OPTION SCHEME ("ESOS")

The ESOS of the Company became effective on 7 May 2008 and will expire on 6 May 2018 upon its renewal for a further period of five years from 7 May 2013 to 6 May 2018. The main features of the ESOS are set out in Note 30 to the financial statements.

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

The movements in the number of options granted, exercised and lapsed pursuant to the ESOS during the financial year are as follows:

	Subscription price per	Number of options				
Grant date	**share**	**1.7.2015**	**Granted**	**Exercised**	**Lapsed**	**30.6.2016**
7 April 2010	RM5.31	70,000	–	–	(70,000)	–

OTHER STATUTORY INFORMATION

(a) Before the statements of profit or loss, the statements of other comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

(i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and

(ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the Directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in respect of these financial statements; and

(ii) the values attributed to the current assets in these financial statements misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

OTHER STATUTORY INFORMATION (continued)

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

   (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

   (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the Directors:

   (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

   (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SIGNIFICANT EVENTS

In addition to the significant events disclosed elsewhere in this report, other significant events are disclosed in Notes 16, 17, 27 and 34 to the financial statements.

SUBSEQUENT EVENT

Details of subsequent event are disclosed in Note 38 to the financial statements.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 4 October 2016.

TAN SRI WILLIAM H.J. CHENG
Chairman and Managing Director

OOI KIM LAI
Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965

We, **Tan Sri William H.J. Cheng** and **Ooi Kim Lai**, being two of the Directors of **Parkson Holdings Berhad**, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 58 to 196 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows for the financial year then ended.

The supplementary information set out in Note 44 to the financial statements on page 197 has been prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 4 October 2016.

TAN SRI WILLIAM H.J. CHENG
Chairman and Managing Director

OOI KIM LAI
Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965

I, **Tan Sri William H.J. Cheng**, the Director primarily responsible for the financial management of **Parkson Holdings Berhad**, do solemnly and sincerely declare that the accompanying financial statements set out on pages 58 to 197 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the
abovenamed **Tan Sri William H.J. Cheng**
at Kuala Lumpur in the Federal Territory
on 4 October 2016.

TAN SRI WILLIAM H.J. CHENG

Before me,

W530
TAN SEOK KETT
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 30 June 2016 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 58 to 196.

Directors' responsibility for the financial statements

The Directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2016 and of their financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 ("Act") in Malaysia, we also report the following:

(a) in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) we have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 16 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) we are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

(d) the auditors' reports on the financial statements of the subsidiaries were not subject to any qualification material to the consolidated financial statements and did not include any comment required to be made under Section 174(3) of the Act.

OTHER REPORTING RESPONSIBILITIES

The supplementary information set out in Note 44 to the financial statements on page 197 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad and is not part of the financial statements. The Directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

ERNST & YOUNG
AF: 0039
Chartered Accountants

H'NG BOON KENG
No. 03112/08/2018 J
Chartered Accountant

Kuala Lumpur, Malaysia
4 October 2016

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Revenue	4	**3,884,082**	3,739,179	**–**	–
Other items of income					
Other income	5	**326,300**	330,569	**2,903**	7,225
Items of expense					
Purchase of goods and changes in inventories		**(1,379,704)**	(1,275,980)	**–**	–
Employee benefits expense	6	**(666,481)**	(532,541)	**(831)**	(1,020)
Depreciation and amortisation	8(a)	**(319,765)**	(298,306)	**(25)**	(27)
Promotional and advertising expenses		**(99,926)**	(99,969)	**–**	–
Rental expenses		**(1,039,217)**	(913,469)	**–**	–
Allowance for impairment loss on amounts due from subsidiaries	21	**–**	–	**(1,096,900)**	(207,910)
Other expenses	8(d)	**(810,717)**	(757,051)	**(6,364)**	(3,261)
Operating (loss)/profit		**(105,428)**	192,432	**(1,101,217)**	(204,993)
Finance income	7	**77,961**	106,408	**4,076**	1,100
Finance costs	7	**(116,429)**	(92,958)	**(6,193)**	(975)
Share of results of associates	17	**(10,209)**	156	**–**	–
Share of results of joint ventures	18	**7,485**	12,625	**–**	–
Gain on dilution of interest in a subsidiary	16(d)(ii)	**139,221**	–	**–**	–
Gain on disposal of non-current assets held for sale, net of real property gains tax ("RPGT")		**–**	110,672	**–**	–
Provision for contingent expenses	16(d)(ii)	**–**	(170,813)	**–**	–
Provision for arbitral award in respect of tenancy agreement	34(iv)	**–**	(79,338)	**–**	–
Impairment loss on:					
- Property, plant and equipment	12	**(16,515)**	–	**–**	–
- An investment property	13	**(3,043)**	–	**–**	–
- Goodwill	14	**(26,915)**	(1,100)	**–**	–
- Deposits, prepayments, amounts due from an associate and managed stores	25	**(35,846)**	(21,668)	**–**	–
(Loss)/profit before tax	8	**(89,718)**	56,416	**(1,103,334)**	(204,868)
Income tax expense	9	**(72,615)**	(69,362)	**–**	–
Loss for the financial year		**(162,333)**	(12,946)	**(1,103,334)**	(204,868)

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (continued)

	Note	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
(Loss)/profit for the financial year attributable to:					
Owners of the parent		**(95,741)**	46,593	**(1,103,334)**	(204,868)
Non-controlling interests	16(e)	**(66,592)**	(59,539)	**–**	–
		(162,333)	(12,946)	**(1,103,334)**	(204,868)
(Loss)/earnings per share attributable to owners of the parent (sen)					
Basic	11(a)	**(8.88)**	4.42		
Diluted	11(b)	**(8.88)**	4.42		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Loss for the financial year	**(162,333)**	(12,946)	**(1,103,334)**	(204,868)
<u>**Other comprehensive (loss)/income**</u>				
Item that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plan, net of tax	**(205)**	–	**–**	–
Item that has been reclassified to profit or loss:				
Cumulative exchange differences on disposal of an associate	**–**	2,620	**–**	–
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation	**(124,942)**	556,355	**–**	–
Other comprehensive (loss)/income for the financial year, net of tax	**(125,147)**	558,975	**–**	–
Total comprehensive (loss)/income for the financial year	**(287,480)**	546,029	**(1,103,334)**	(204,868)
Total comprehensive (loss)/income for the financial year attributable to:				
Owners of the parent	**(119,376)**	358,016	**(1,103,334)**	(204,868)
Non-controlling interests	**(168,104)**	188,013	**–**	–
	(287,480)	546,029	**(1,103,334)**	(204,868)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 RM'000	2015 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	**3,546,223**	2,483,081
Investment properties	13	**205,910**	204,931
Intangible assets	14	**1,606,731**	1,590,732
Land use rights	15	**282,507**	288,937
Investments in associates	17	**31,270**	1,246
Investments in joint ventures	18	**33,485**	39,423
Deferred tax assets	19	**207,641**	165,669
Trade receivables	25	**73,335**	–
Other assets	20	**415,109**	1,194,478
Investment securities	22	**18,945**	30,245
Other financial asset	23	**52**	52
		6,421,208	5,998,794
Current assets			
Inventories	24	**494,942**	359,358
Trade and other receivables	25	**596,202**	626,060
Investment securities	22	**28,586**	33,243
Tax recoverable		**17,307**	7,198
Deposits, cash and bank balances	26	**1,904,651**	2,785,599
		3,041,688	3,811,458
Assets of disposal group classified as held for sale	27	**–**	13,093
		3,041,688	3,824,551
Total assets		**9,462,896**	9,823,345
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	28	**1,093,902**	1,093,902
Share premium	28	**3,105,643**	3,105,643
Treasury shares	28	**(48,301)**	(141,885)
Other reserves	29	**(1,514,789)**	(1,508,023)
Accumulated losses		**(153,986)**	(37,181)
		2,482,469	2,512,456
Non-controlling interests	16(e)	**1,443,535**	1,639,752
Total equity		**3,926,004**	4,152,208

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016 (continued)

	Note	2016 RM'000	2015 RM'000
Equity and liabilities (continued)			
Non-current liabilities			
Deferred tax liabilities	19	**162,188**	149,581
Other financial liability	23	**3,669**	–
Loans and borrowings	31	**2,051,417**	1,873,984
Long term payables	33	**638,489**	569,675
		2,855,763	2,593,240
Current liabilities			
Trade and other payables and other liabilities	34	**2,132,673**	2,397,912
Loans and borrowings	31	**524,511**	477,350
Tax payables		**23,945**	5,723
		2,681,129	2,880,985
Liabilities of disposal group classified as held for sale	27	**–**	196,912
		2,681,129	3,077,897
Total liabilities		**5,536,892**	5,671,137
Total equity and liabilities		**9,462,896**	9,823,345

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	Note	2016 RM'000	2015 RM'000
Assets			
Non-current assets			
Property, plant and equipment	12	**2**	27
Intangible assets	14	**28**	28
Investments in subsidiaries	16	**23,951**	23,951
Amounts due from subsidiaries	21	**858,364**	2,109,360
		882,345	2,133,366
Current assets			
Trade and other receivables	25	**12,147**	14,950
Amounts due from subsidiaries	21	**89,978**	1,729
Tax recoverable		**187**	699
Deposits, cash and bank balances	26	**1,433**	2,982
		103,745	20,360
Total assets		**986,090**	2,153,726
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	28	**1,093,902**	1,093,902
Share premium	28	**3,105,643**	3,105,643
Treasury shares	28	**(48,301)**	(141,885)
Other reserves	29	**2,905,969**	2,905,969
Accumulated losses		**(6,219,251)**	(5,115,917)
Total equity		**837,962**	1,847,712
Non-current liabilities			
Other financial liability	23	**3,669**	–
Loans and borrowings	31	**60,277**	23
		63,946	23
Current liabilities			
Trade and other payables and other liabilities	34	**1,924**	140,268
Amounts due to subsidiaries		**3,975**	131,123
Loans and borrowings	31	**78,283**	34,600
		84,182	305,991
Total liabilities		**148,128**	306,014
Total equity and liabilities		**986,090**	2,153,726

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

		← Attributable to owners of the parent →							
		← Non-distributable →							
	Note	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2015		1,093,902	3,105,643	(141,885)	(1,508,023)	(37,181)	2,512,456	1,639,752	4,152,208
Total comprehensive loss for the financial year		–	–	–	(23,430)	(95,946)	(119,376)	(168,104)	(287,480)
Transactions with owners									
Transfer to capital reserves	29	–	–	–	874	(874)	–	–	–
Employee share options lapsed		–	–	–	(6,072)	6,072	–	–	–
Purchase of treasury shares	28	–	–	(45,375)	–	–	(45,375)	(31,314)	(76,689)
Cancellation of treasury shares by a subsidiary		–	–	–	20,781	(26,057)	(5,276)	–	(5,276)
Business combinations	16(a)(i)	–	–	–	–	–	–	6,248	6,248
Dilution of interest in a subsidiary	16(d)(ii)	–	–	–	1,081	–	1,081	58,059	59,140
Contribution by non-controlling interests		–	–	–	–	–	–	295	295
Dividends to non-controlling interests		–	–	–	–	–	–	(61,401)	(61,401)
Dividend paid - share dividend	10	–	–	138,959	–	–	138,959	–	138,959
Total transactions with owners		–	–	93,584	16,664	(20,859)	89,389	(28,113)	61,276
At 30 June 2016		1,093,902	3,105,643	(48,301)	(1,514,789)	(153,986)	2,482,469	1,443,535	3,926,004

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (continued)

		Attributable to owners of the parent							
		Non-distributable							
	Note	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)	(Accumulated losses)/ retained profits RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2014		1,093,902	3,536,816	(166,672)	(1,944,620)	61,119	2,580,545	1,600,719	4,181,264
Total comprehensive income for the financial year		–	–	–	311,423	46,593	358,016	188,013	546,029
Transactions with owners									
Transfer to capital reserves	29	–	–	–	1,108	(1,108)	–	–	–
Purchase of treasury shares	28	–	–	(267,427)	–	–	(267,427)	(60,895)	(328,322)
Transfer to merger deficit		–	–	–	118,883	(118,883)	–	–	–
Cancellation of treasury shares by a subsidiary		–	–	–	5,183	(24,902)	(19,719)	–	(19,719)
Business combinations		–	–	–	–	–	–	1,926	1,926
Dividends to non-controlling interests		–	–	–	–	–	–	(90,011)	(90,011)
Dividend paid - share dividends	10	–	(292,214)	292,214	–	–	–	–	–
Share dividend payable	10	–	(138,959)	–	–	–	(138,959)	–	(138,959)
Total transactions with owners		–	(431,173)	24,787	125,174	(144,893)	(426,105)	(148,980)	(575,085)
At 30 June 2015		1,093,902	3,105,643	(141,885)	(1,508,023)	(37,181)	2,512,456	1,639,752	4,152,208

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Note	Share capital RM'000 (Note 28)	Share premium RM'000 (Note 28)	Treasury shares RM'000 (Note 28)	Other reserves RM'000 (Note 29)	Accumulated losses RM'000	Total equity RM'000
		Non-distributable					
At 1 July 2015		**1,093,902**	**3,105,643**	**(141,885)**	**2,905,969**	**(5,115,917)**	**1,847,712**
Total comprehensive loss for the financial year		**–**	**–**	**–**	**–**	**(1,103,334)**	**(1,103,334)**
Transactions with owners							
Purchase of treasury shares	28	**–**	**–**	**(45,375)**	**–**	**–**	**(45,375)**
Dividend paid							
- share dividend	10	**–**	**–**	**138,959**	**–**	**–**	**138,959**
Total transactions with owners		**–**	**–**	**93,584**	**–**	**–**	**93,584**
At 30 June 2016		**1,093,902**	**3,105,643**	**(48,301)**	**2,905,969**	**(6,219,251)**	**837,962**
At 1 July 2014		1,093,902	3,536,816	(166,672)	2,905,969	(4,911,049)	2,458,966
Total comprehensive loss for the financial year		–	–	–	–	(204,868)	(204,868)
Transactions with owners							
Purchase of treasury shares	28	–	–	(267,427)	–	–	(267,427)
Dividend paid							
- share dividends	10	–	(292,214)	292,214	–	–	–
Share dividend payable	10	–	(138,959)	–	–	–	(138,959)
Total transactions with owners		–	(431,173)	24,787	–	–	(406,386)
At 30 June 2015		1,093,902	3,105,643	(141,885)	2,905,969	(5,115,917)	1,847,712

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from operating activities				
(Loss)/profit before tax	**(89,718)**	56,416	**(1,103,334)**	(204,868)
Adjustments for:				
Allowance for impairment loss on amounts due from subsidiaries	**–**	–	**1,096,900**	207,910
Reversal of impairment loss on amount due from a subsidiary	**–**	–	**–**	(7,000)
Depreciation and amortisation	**319,765**	298,306	**25**	27
Amortisation of:				
- Deferred lease expense	**7,098**	7,666	**–**	–
- Deferred lease income	**(1,921)**	(2,019)	**–**	–
Write off of:				
- Property, plant and equipment	**1,859**	7,179	**–**	–
- Intangible assets	**–**	43	**–**	–
- Bad debts	**17**	7	**–**	–
Impairment loss on:				
- Property, plant and equipment	**16,515**	–	**–**	–
- An investment property	**3,043**	–	**–**	–
- Goodwill	**26,915**	1,100	**–**	–
Allowance for impairment loss on receivables	**46,023**	32,313	**–**	–
Reversal of impairment loss on receivables	**(30)**	(275)	**–**	–
Write down of inventories	**5,987**	–	**–**	–
Unrealised foreign currency exchange (gain)/loss	**(1,858)**	2,069	**(2,903)**	–
Loss/(gain) on disposal of:				
- Property, plant and equipment	**4,553**	3,681	**–**	–
- Subsidiaries	**1,030**	–	**–**	–
- An associate	**–**	(3,639)	**–**	–
- Non-current assets held for sale, net of RPGT	**–**	(110,672)	**–**	–
Net fair value loss on derivatives	**3,669**	1,218	**3,669**	–
Defined benefit plan	**494**	317	**–**	–
Gain on dilution of interest in a subsidiary	**(139,221)**	–	**–**	–
Provision for:				
- Contingent expenses	**–**	170,813	**–**	–
- Arbitral award in respect of tenancy agreement	**–**	79,338	**–**	–
Share of results of associates	**10,209**	(156)	**–**	–
Share of results of joint ventures	**(7,485)**	(12,625)	**–**	–
Finance costs	**116,429**	92,958	**6,193**	975
Finance income	**(77,961)**	(106,408)	**(4,076)**	(1,100)
Reversal of deferred consideration	**(12,000)**	–	**–**	–
Dividend income from investment securities	**(1,205)**	(1,422)	**–**	–
Operating profit/(loss) before working capital changes	**232,207**	516,208	**(3,526)**	(4,056)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (continued)

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Cash flows from operating activities (continued)				
Operating profit/(loss) before working capital changes, brought forward	**232,207**	516,208	**(3,526)**	(4,056)
Changes in working capital:				
Inventories	**(130,703)**	6,915	**–**	–
Receivables and other assets	**(55,276)**	(86,349)	**69,327**	103,574
Payables	**(19,838)**	(40,821)	**(127,248)**	128,118
Cash flows generated from/(used in) operations	**26,390**	395,953	**(61,447)**	227,636
Taxes (paid)/received	**(113,803)**	(147,551)	**512**	(280)
Interest paid	**(113,802)**	(90,857)	**(5,478)**	(975)
Interest received	**76,631**	119,211	**3,399**	569
Net cash flows (used in)/generated from operating activities	**(124,584)**	276,756	**(63,014)**	226,950
Cash flows from investing activities				
Purchase of property, plant and equipment	**(437,105)**	(361,419)	**–**	–
Additions to investment properties	**–**	(43,690)	**–**	–
Additions to intangible assets	**(19,064)**	(4,025)	**–**	–
Proceeds from disposal of:				
- Property, plant and equipment	**3,604**	5,854	**–**	–
- Non-current assets held for sale	**–**	335,945	**–**	–
- An associate	**–**	78,209	**–**	–
Acquisition of subsidiaries, net of cash acquired	**(14,991)**	(84,137)	**–**	–
Acquisitions of:				
- Associates	**(31,178)**	–	**–**	–
- A joint venture	**–**	(3,000)	**–**	–
- Investment securities	**(700)**	(12)	**–**	–
Net cash outflow on disposal of subsidiaries (Note 16(d)(i))	**(282)**	–	**–**	–
Net cash outflow on dilution of interest in a subsidiary (Note 16(d)(ii))	**(1,530)**	–	**–**	–
Prepayment for acquisition of land and building	**(207,821)**	(351,413)	**–**	–
Proceeds from redemption of an investment security	**12,000**	–	**–**	–
Dividends received from:				
- An associate	**–**	80	**–**	–
- A joint venture	**12,787**	14,375	**–**	–
- Investment securities	**2,405**	222	**–**	–
Proceeds from withdrawal of money market instruments	**6,799**	27,481	**–**	–
Changes in deposits with banks	**644,686**	145,580	**–**	–
Net cash flows used in investing activities	**(30,390)**	(239,950)	**–**	–

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016 (continued)

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Cash flows from financing activities				
Dividends paid to non-controlling interests	**(61,401)**	(90,011)	**–**	–
Purchase of treasury shares	**(76,689)**	(328,322)	**(45,375)**	(267,427)
Proceeds from loans and borrowings	**235,255**	412,289	**93,180**	–
Repayment of loans and borrowings	**(226,704)**	(105,941)	**–**	–
Hire purchase principal payments	**(442)**	(1,280)	**(23)**	(22)
Contribution by non-controlling interests	**295**	–	**–**	–
Net cash flows (used in)/generated from financing activities	**(129,686)**	(113,265)	**47,782**	(267,449)
Net decrease in cash and cash equivalents	**(284,660)**	(76,459)	**(15,232)**	(40,499)
Effects of changes in exchange rates	**26,630**	124,820	**–**	–
Cash and cash equivalents at 1 July	**972,267**	923,906	**(31,595)**	8,904
Cash and cash equivalents at 30 June (Note 26)	**714,237**	972,267	**(46,827)**	(31,595)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2016

1. CORPORATE INFORMATION

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities"). The registered office and the principal place of business of the Company are both located at Level 14, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur.

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 16. There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 4 October 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia ("RM") and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year.

2.3 Standards issued but not yet effective

The standards that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and the Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012-2014 Cycle	1 January 2016
Amendments to MFRS 116, 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116, 141: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiative	1 January 2016
Amendments to MFRS 10, 12, 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14: Regulatory Deferral Accounts	1 January 2016
Amendments to MFRS 107: Disclosure Initiative	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
MFRS 15: Revenue from Contracts with Customers and Clarification to MFRS 15	1 January 2018
MFRS 9: Financial Instruments	1 January 2018
Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10, 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Annual Improvements to MFRSs 2012-2014 Cycle

The Annual Improvements to MFRSs 2012-2014 Cycle include a number of amendments to various MFRSs. The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and the Company's financial statements.

(a) MFRS 7: Financial Instruments Disclosures

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and arrangement against the guidance for continuing involvement in MFRS 7 in order to assess whether the disclosures are required.

(b) MFRS 119: Employee Benefits

The amendment clarifies that the rate used to discount post-employment benefit obligations (both funded and unfunded) shall be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. Market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.

Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset forms part of the business) rather than the economic benefits that are consumed through the use of an asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group and to the Company as the Group and the Company have not used a revenue-based method to depreciate their non-current assets.

Amendments to MFRS 127: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying MFRS and electing to change to the equity method in its separate financial statements will have to apply this change retrospectively. For first-time adopters of MFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to MFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any impact on the Group's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Amendments to MFRS 101: Disclosure Initiative

The amendments to MFRS 101 include narrow-focus improvements in the following five areas:

(a) Materiality
(b) Disaggregation and subtotals
(c) Notes structure
(d) Disclosure of accounting policies
(e) Presentation of items of other comprehensive income arising from equity accounted investments

The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and on the Company's financial statements.

Amendments to MFRS 107: Disclosure Initiative

The amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and on the Company's financial statements except for the additional disclosures required by the amendments.

Amendments to MFRS 112: Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

The amendments also clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain in which circumstances taxable profit may include the recovery of some assets for more than their carrying amounts.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The Group and the Company plan to adopt amendments on the required effective date.

The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a material impact on the Group's and on the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

MFRS 15: Revenue from Contracts with Customers and Clarification to MFRS 15

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted.

In June 2016, the Malaysian Accounting Standards Board ("MASB") has issued Clarification to MFRS 15 Revenue from Contracts with Customers. The amendments clarify how certain principles should be applied in:

(a) identifying whether performance obligations are distinct;
(b) determining whether an entity is a principal or an agent; and
(c) assessing whether revenue from a licence of intellectual property is recognised over time or at a point in time.

The Group and the Company are currently assessing the impact of MFRS 15 and plan to adopt the new standard on the required effective date. The Directors anticipate that the application of MFRS 15 will not have a material impact on the amounts reported and disclosures made in the Group's and in the Company's financial statements.

MFRS 9: Financial Instruments

In November 2014, the MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The adoption of MFRS 9 might have an effect on the classification and measurement of the Group's financial assets, but no impact on the classification and measurement of the Group's financial liabilities.

Amendments to MFRS 2: Classification and Measurement of Share-based Payment Transactions

The MASB has issued amendments to MFRS 2 Share-based Payment with regards to classification and measurement of share-based payment transactions.

The amendments provide specific guidance on how to account for the following situations:

(a) the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
(b) share-based payment transactions with a net settlement feature for withholding tax obligations; and
(c) a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

The amendments shall be applied to financial statements for annual periods beginning on or after 1 January 2018 with earlier application permitted. These amendments will not have any impact on the Group's and on the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

MFRS 16: Leases

MFRS 16 will supersede the current lease guidance including MFRS 117 Leases and its related interpretations when it becomes effective.

A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. MFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under MFRS 117. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g. personal computers) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to pay rental (i.e. the lease liability) with a corresponding asset representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset).

Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessor accounting is substantially unchanged from today's accounting under MFRS 117. Lessors will continue to classify all leases using the same classification principle as in MFRS 117 and distinguish between two types of leases: operating and finance leases.

A lessee can choose to apply the standard using either a full retrospective or a modified retrospective transition approach. Early application is permitted, but not before an entity applies MFRS 15.

The Group and the Company are in the process of making assessment of the impact of MFRS 16 and plan to adopt the new standard on the required effective date.

Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations

The amendments require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in MFRS 3 and other MFRSs that do not conflict with the requirements of MFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by MFRS 3 and other MFRSs for business combinations.

The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation.

Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and on the Company's financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Amendments to MFRS 10, 12, 128: Investment Entities: Applying the Consolidation Exception

The amendments address three issues that have arisen in applying the investment entities exception under MFRS 10 Consolidated Financial Statements. The amendments to MFRS 10 clarify that the exemption in paragraph 4 of MFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, the amendments to MFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

The amendments to MFRS 128 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

The amendments must be applied retrospectively. Early application is permitted and must be disclosed. The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and on the Company's financial statements.

Amendments to MFRS 10, 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments address the conflict between MFRS 10 and MFRS 128 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture.

The amendments clarify that a full gain or loss is recognised when a transfer to an associate or joint venture involves a business as defined in MFRS 3 Business Combinations. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognised only to the extent of unrelated investors' interests in the associate or joint venture.

The amendments must be applied prospectively. Early application is permitted and must be disclosed. The Directors of the Group and of the Company do not anticipate that the application of these amendments will have a significant impact on the Group's and on the Company's financial statements.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. The Group controls an investee if, and only if, the Group has:

(i) power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) exposure, or rights, to variable returns from its investment with the investee; and

(iii) the ability to use its power over the investee to affect its returns.

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(i) the contractual arrangement with the other vote holders of the investee;

(ii) rights arising from other contractual arrangements; and

(iii) the Group's voting rights and potential voting rights.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income ("OCI") are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation except when there are indications of impairment, unrealised losses are not eliminated.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognised in profit or loss. Any investment retained is recognised at fair value.

2.5 Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 139 Financial Instruments: Recognition and Measurement, is measured at fair value with changes in fair value recognised either in profit or loss or as a change to OCI. If the contingent consideration is not within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Business combinations and goodwill (continued)

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the 'acquired' entity is reflected within equity as merger reserve/deficit. The profit or loss reflect the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

At each reporting date, the Group's retained profits for the immediate preceding financial year after adjusting for proposed/declared dividend as at that date will be transferred to merger deficit.

2.6 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method.

Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investments in associates and joint ventures (continued)

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit or loss and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as 'Share of results of associates and joint ventures' in the Group's statement of profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.7 Property, plant and equipment and depreciation

Construction in progress, and plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets, as follows:

Buildings	2% - 8%
Office equipment and vehicles	10% - 25%
Furniture, fittings and other equipment	10% - 20%
Renovations	10% - 20%

Land, including the legal costs incurred at initial acquisition of land rights, is stated at cost and not depreciated.

Capital work-in-progress included in property, plant and equipment are not depreciated as these assets are not yet available for use.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.8 Cash dividend and non-cash distribution to equity holders of the parent

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value remeasurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit or loss.

2.9 Investment properties

Investment properties and investment properties under construction ("IPUC") are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. Subsequent to recognition, investment properties are stated at cost less accumulated depreciation and any accumulated impairment losses. These investment properties are depreciated to write off the value over the unexpired lease terms ranging from 1.9% to 2.4% per annum (2015: 1.9% to 2.4% per annum). IPUC are not depreciated as they are not yet ready for their intended use.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. Any gain or loss on the retirement or disposal of an investment property is recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment up to the date of change in use.

2.10 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit's ("CGU") level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Intangible assets (continued)

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

- **Customer relationships**

  Customer relationships which were acquired in a business combination are amortised on a straight-line basis over their estimated useful lives of 5 years.

- **Computer software**

  Computer software of the Group is amortised on a straight-line basis over their estimated useful lives ranging from 3 to 8 years.

- **Club memberships**

  Club memberships are amortised on a straight-line basis over their original useful lives ranging from 25 to 99 years.

- **Brands**

  Brands represent supplier exclusive right for sales of goods and services to a chain of outlets by the Group. Brands are amortised on a straight-line basis over their estimated useful lives ranging from 11 to 14 years.

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over their lease terms which ranged from 42 to 66 years (2015: 42 to 66 years).

2.12 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long term growth rate is calculated and applied to project future cash flows after the fifth year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets (continued)

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss in those expense categories consistent with the function of the impaired asset. In this case, the impairment is recognised in OCI up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

The following assets have specific characteristics for impairment testing:

<u>Goodwill</u>

Goodwill is tested for impairment annually as at 30 June and also when circumstances indicate that the carrying value may be impaired.

Impairment is determined for goodwill by assessing the recoverable amount of each CGU (or groups of CGUs) to which the goodwill relates. Where the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to goodwill cannot be reversed in future periods.

<u>Intangible assets</u>

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.13 Financial instruments - initial recognition and subsequent measurement

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets

<u>Initial recognition and measurement</u>

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e. the date that the Group commits to purchase or sell the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Derivatives embedded in host contracts are accounted for as separate derivatives if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate ("EIR") method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs for loans and in cost of sales or other operating expenses for receivables.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss as finance costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

Available-for-sale ("AFS") financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in OCI and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to the statement of profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Group evaluates whether the ability and intention to sell its AFS financial investments in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the statement of profit or loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(a) Financial assets (continued)

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Group's continuing involvement in the asset. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(b) Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

<u>Financial assets carried at amortised cost</u>

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(b) Impairment of financial assets (continued)

AFS financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss – is removed from OCI and recognised in the statement of profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

The determination of what is 'significant' or 'prolonged' requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss, the impairment loss is reversed through the statement of profit or loss.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade payables, other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments - initial recognition and subsequent measurement (continued)

(c) Financial liabilities (continued)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(d) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.14 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less. These may also include bank overdrafts (if any) that form an integral part of the cash management process.

2.15 Inventories

Inventories are valued at the lower of cost and net realisable value.

The cost of merchandise and consumables are determined using the weighted average method. The cost of merchandise and consumables comprise cost of purchase.

In determination of closing inventories, cost is calculated based on weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.16 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.17 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.18 Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Group receives grants of non-monetary assets, the asset and the grant are recorded at nominal amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risk and interest rate risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);

- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognised in profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term to maturity. Effective interest rate amortisation may begin as soon as an adjustment exists and shall begin no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in OCI as hedging reserve, while any ineffective portion is recognised immediately in profit or loss as other operating expenses.

Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged finance income or finance expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statement of profit or loss.

2.20 Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in the normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in the normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Pursuant to the relevant laws and regulations in the respective countries, the subsidiaries of the Group operating with employees are required to participate in the retirement benefit schemes organised by the local jurisdiction whereby the Group is required to contribute a certain percentage of the salaries of its employees to the retirement benefits scheme. The only obligation of the Group with respect to the retirement benefits scheme is to pay the ongoing required contributions. The Malaysian companies in the Group make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions made to the defined contribution retirement benefits scheme are charged to profit or loss in the period in which the related service is performed.

(b) Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003. The said provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Actuarial gains or losses are recognised in OCI when incurred. The unvested past service costs are recognised as an expense in the period they occur.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligation at the end of the reporting period.

(c) Employee share option plans

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised together with a corresponding increase in share option reserve in equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share option reserve is transferred to retained profits upon expiry of the share options. When the options are exercised, the share option reserve is transferred to share premium if new shares are issued, or to treasury shares if the options are satisfied by the issuance of treasury shares.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

(a) As lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in the statement of profit or loss on a straight-line basis over the lease term.

(b) As lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Transactions and balances

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of monetary items that are designated as part of the hedge of the Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss. Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Foreign currency (continued)

(b) Transactions and balances (continued)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.24 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude and is also exposed to inventory and credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

(a) Sale of goods

Revenue on sale of goods is recognised net of sales taxes and discounts upon the transfer of significant risks and rewards of ownership of goods to the customer, usually on the delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Commissions from concessionaire sales

Commissions from concessionaire sales are recognised upon the sale of goods by the concessionaire.

(c) Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the effective interest rate method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

(d) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts and when the services are rendered.

(e) Rental income

Rental income is accounted for on a straight-line basis over the lease terms. The aggregate costs of incentives provided to lessees are recognised as a reduction of rental income over the lease term on a straight-line basis.

(f) Promotion income and sales commissions

Promotion income and minimum guaranteed sales commissions are recognised according to the underlying contract terms with concessionaires and as these services have been provided in accordance therewith.

(g) Management, consultancy and credit card fees

Management, consultancy and credit card fees are recognised net of service taxes and discounts when the services are rendered.

(h) Revenue from customer loyalty award

Revenue from customer loyalty award is recognised when the obligation in respect of the award is fulfilled.

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

(j) Revenue from food and beverage operations

Revenue from sales of goods and services are recognised upon the delivery of products and customers' acceptance, if any, and performance of services.

2.25 Customer loyalty award

The Group operates loyalty programmes which allow customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free or discounted goods from the Group's stores.

The Group allocates consideration received from the sale of goods to the goods sold and the points issued that are expected to be redeemed.

The consideration allocated to the points issued is measured at the fair value of the points. It is recognised as a liability (deferred revenue) in the statements of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Income taxes

(a) Current tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Income taxes (continued)

(b) Deferred tax (continued)

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

(c) Malaysian Goods and Services Tax ("GST")

On and after 1 April 2015, revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred in a purchase of assets or services is not recoverable from the tax authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statement of financial position.

2.27 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Ordinary share capital and share issuance expenses

Equity instruments are any contracts that evidence a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.29 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in share premium. Share options exercised during the reporting period are satisfied with treasury shares.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.30 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.31 Fair value measurement

The Group measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.32 Disposal groups and non-current assets classified as held for sale

The Group classifies disposal groups and non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Such disposal groups and non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the sale. Any differences are included in the statement of profit or loss.

The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the sale will be withdrawn. Management must be committed to the sale expected within one year from the date of the classification. Non-current assets are not depreciated or amortised once classified as held for sale.

Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

(ii) Operating lease commitments - the Group as lessee

The Group has entered into commercial property leases for its retail stores business. The commercial properties combined leases of land and buildings. At the inception of lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.1 Judgements made in applying accounting policies (continued)

(iii) Tax provisions

Determining tax provisions involves judgement on the future tax treatment of certain transactions. The Group carefully evaluates tax implications of transactions and tax provisions are set up accordingly. The tax treatment of such transactions is assessed periodically to take into account all the changes in tax legislation and practices.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies.

(ii) Share-based payment

The Group measures the cost of equity-settled transactions with employees by reference to fair value of the equity instruments at the date at which they are granted. Estimating fair value requires determining the most appropriate valuation model for a grant of equity instruments, which is dependent on the terms and conditions of the grant. This also requires determining the most appropriate inputs to the valuation model including the expected life of the option, volatility and dividend yield and making assumptions about them. The assumptions and valuation models used are disclosed in Note 30.

(iii) Operating lease commitments - the Group as lessee

The Group has entered into commercial property leases for its retail stores business. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases. A 5% difference in the minimum lease payments would result in approximately RM35,000,000 (2015: RM32,000,000) variance in the profit or loss (net of tax) for the financial year.

(iv) Useful lives of plant and equipment

Plant and equipment are depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these plant and equipment to be within 4 to 10 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. A 10% difference in the average useful lives of these assets from management's estimates would result in approximately RM36,000,000 (2015: RM21,000,000) variance in the profit or loss (net of tax) for the financial year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(v) Impairment of loans and receivables

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's loans and receivables at the reporting date are disclosed in Note 25.

(vi) Impairment of goodwill and other intangibles

Goodwill and other indefinite life intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill and customer loyalty award are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in the assumptions are disclosed in Note 14.

(vii) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depends on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The Group has RM875,298,000 (2015: RM544,362,000) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward as at the reporting date.

If the Group was able to recognise all unrecognised deferred tax assets, profit or loss and equity would have increased by RM210,229,000 (2015: RM130,929,000). Further details on taxes are disclosed in Note 19.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(viii) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the statements of financial position cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. The judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(ix) Defined benefit plan

The cost of defined benefit plan is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long term nature, defined benefit obligations are sensitive to changes in assumptions above. Further details are disclosed in Note 33(iii).

4. REVENUE

	Group	
	2016	**2015**
	RM'000	**RM'000**
Sales of goods - direct sales	**1,648,894**	1,473,490
Commissions from concessionaire sales [(i)]	**1,879,103**	1,925,421
Rental income	**270,565**	249,550
Food and beverage operations	**61,653**	78,131
Credit services	**13,060**	1,106
Consultancy and management service fees	**9,602**	10,059
Dividend income from investment securities	**1,205**	1,422
	3,884,082	3,739,179

(i) The commissions from concessionaire sales are analysed as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Gross revenue from concessionaire sales	**10,032,500**	10,124,450
Commissions from concessionaire sales	**1,879,103**	1,925,421

5. OTHER INCOME

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Promotion income	**58,861**	63,785	**–**	–
Credit card handling fees	**47,332**	49,049	**–**	–
Government grants (i)	**3,410**	4,964	**–**	–
Equipment and display space lease income	**30,869**	28,159	**–**	–
Administration and management fees	**116,500**	96,396	**–**	–
Service fees	**15,183**	16,808	**–**	–
Compensation income (ii)	**–**	22,508	**–**	–
Reversal of deferred consideration (iii)	**12,000**	–	**–**	–
Reversal of impairment loss on amount due from a subsidiary (Note 21)	**–**	–	**–**	7,000
Other income	**42,145**	48,900	**2,903**	225
	326,300	330,569	**2,903**	7,225

(i) Various government grants were granted by the local authorities in the People's Republic of China ("PRC") to reward certain subsidiaries for their contributions to the local economy. There are no unfulfilled conditions or contingencies attached to these government grants.

(ii) The Group was entitled to receive relocation compensation from a landlord of a store in Shantou, the PRC for early termination of a lease contract.

(iii) In the previous financial year, the Group acquired 60% equity interest in AUM Hospitality Sdn Bhd together with its group of companies ("AUMH Group") for a total consideration of RM48,000,000 ("AUMH Consideration") which comprised cash amounting to RM24,000,000 and a deferred consideration amounting to RM24,000,000 ("Final Payment") ("Acquisition of AUMH Group").

The Final Payment shall be payable in the event that the AUMH Group is able to meet a guaranteed profit of not less than RM8,500,000 for a period of twelve months from the completion of the Acquisition of AUMH Group.

During the financial year, the Group entered into a variation agreement with the vendor to vary the Final Payment. Pursuant to this, both parties had mutually agreed that the Final Payment shall be fixed at RM12,000,000 being the full and final settlement for the Acquisition of AUMH Group which had been settled by way of cash during the financial year. Accordingly, the excess provision of deferred consideration of RM12,000,000 was reversed.

Further information is disclosed in Note 16(a)(iii).

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonuses	**507,729**	400,835	**705**	860
Defined contribution plans	**60,478**	48,543	**76**	97
Defined benefit plan (Note 33(iii))	**494**	317	**–**	–
Other staff related expenses	**97,780**	82,846	**50**	63
	666,481	532,541	**831**	1,020

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM2,545,000 (2015: RM1,031,000) and RM255,000 (2015: RM247,000) respectively as further disclosed in Note 8(b).

7. FINANCE INCOME/COSTS

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Finance income				
Interest income on:				
Amounts due from subsidiaries (Note 35(a))	**–**	–	**3,689**	532
Amount due from a joint venture (Note 35(a))	**700**	532	**–**	–
Amount due from a related party (Note 35(a))	**187**	531	**187**	531
Unwinding of discount on rental deposits receivable	**2,374**	2,610	**–**	–
Short term deposits and others	**68,735**	102,735	**200**	37
Gain on repurchase of Bonds (Note 31(ii))	**5,965**	–	**–**	–
	77,961	106,408	**4,076**	1,100
Finance costs				
Interest expenses on:				
Term loans and bank loans	**15,586**	7,494	**3,201**	–
Bonds	**95,926**	81,152	**–**	–
Unwinding of discount on rental deposits payable	**535**	1,578	**–**	–
Hire purchase liabilities	**38**	29	**2**	3
Bank overdrafts and others	**4,344**	2,705	**2,990**	972
	116,429	92,958	**6,193**	975

8. (LOSS)/PROFIT BEFORE TAX

(a) (Loss)/profit before tax is stated at after charging/(crediting):

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Directors' remuneration (Note 8(b))	**2,710**	1,196	**420**	412
Auditors' remuneration:				
- Statutory audit	**3,568**	2,729	**30**	30
- Parkson Retail Group Limited's statutory audit*	**3,661**	2,847	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment (Note 12)	**302,046**	286,545	**25**	27
- Investment properties (Note 13)	**312**	556	**–**	–
- Intangible assets (Note 14)	**8,470**	3,357	**–**	–
- Land use rights (Note 15)	**8,937**	7,848	**–**	–
Write off of:				
- Property, plant and equipment	**1,859**	7,179	**–**	–
- Intangible assets	**–**	43	**–**	–
- Bad debts	**17**	7	**–**	–
Allowance for impairment loss on receivables (Note 25)	**46,023**	32,313	**–**	–
Reversal of impairment loss on receivables (Note 25)	**(30)**	(275)	**–**	–
Write down of inventories	**5,987**	–	**–**	–
Foreign currency exchange (gain)/loss, net:				
- Realised	**(949)**	(2,267)	**–**	–
- Unrealised	**(1,858)**	2,069	**(2,903)**	–
Loss/(gain) on disposal of:				
- Property, plant and equipment	**4,553**	3,681	**–**	–
- Subsidiaries	**1,030**	–	**–**	–
- An associate	**–**	(3,639)	**–**	–
Net fair value loss on derivatives	**3,669**	1,218	**3,669**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**952,503**	829,912	**–**	–
- Contingent lease payments	**79,616**	75,891	**–**	–
- Amortisation of deferred lease expense (Note 20(ii))	**7,098**	7,666	**–**	–
Sub-lease of properties:				
- Minimum lease payments	**(218,539)**	(166,671)	**–**	–
- Contingent lease payments	**(46,906)**	(77,830)	**–**	–
- Amortisation of deferred lease income (Note 33(ii))	**(1,921)**	(2,019)	**–**	–

* Relates to statutory audit in respect of financial year ended 31 December in compliance with the requirements of the Hong Kong Companies Ordinance

8. (LOSS)/PROFIT BEFORE TAX (continued)

(b) The details of remuneration receivable by Directors of the Company during the financial years are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Executive Directors:				
Fees	**363**	285	**71**	50
Salaries and other emoluments	**1,958**	674	**170**	182
Pension costs - defined contribution plans	**224**	72	**14**	15
	2,545	1,031	**255**	247
Non-executive Directors:				
Fees	**165**	165	**165**	165
Total Directors remuneration (Note 8(a))	**2,710**	1,196	**420**	412

(c) The number of Directors of the Company whose total remuneration during the financial years fell within the following bands is analysed below:

	Number of Directors	
	2016	**2015**
Executive Directors*:		
- RM300,001 to RM350,000	**1**	–
- RM1,000,001 to RM1,050,000	**–**	1
- RM2,200,001 to RM2,250,000	**1**	–
Non-executive Directors:		
- RM25,000 and below	**1**	1
- RM25,001 to RM50,000	**3**	3

* 2016: Including an executive Director who was appointed during the financial year.

(d) Other expenses consist mainly of utilities cost, selling and distribution expenses, property management expenses, and general and administrative expenses.

9. INCOME TAX EXPENSE

The major components of income tax expense are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Income tax:				
Malaysian income tax	**21,512**	38,164	**–**	–
Foreign tax	**87,935**	69,031	**–**	–
	109,447	107,195	**–**	–
(Over)/under provision in prior years of Malaysian income tax	**(754)**	3,268	**–**	–
	108,693	110,463	**–**	–
Deferred tax (Note 19):				
Relating to origination and reversal of temporary differences	**(37,928)**	(38,890)	**–**	–
Effect of change in tax rate	**–**	587	**–**	–
Under/(over) provision in prior years	**1,850**	(2,798)	**–**	–
	(36,078)	(41,101)	**–**	–
Total income tax expense	**72,615**	69,362	**–**	–

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

Domestic current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable profit or loss for the year.

Under the relevant PRC income tax law, except for certain preferential treatments available to certain PRC subsidiaries of the Group, the PRC companies are subject to corporate income tax at a rate of 25% (2015: 25%) on their respective taxable income. As at 30 June 2016, 6 (2015: 6) PRC entities within the Group were granted preferential corporate income tax rates or corporate income tax exemptions from the relevant PRC tax authorities.

Subsidiaries incorporated in Vietnam, Indonesia, Singapore, Cambodia and Myanmar are subject to tax rates of 22%, 25%, 17%, 20% and 25% (2015: 22%, 25%, 17%, 20% and 25%) respectively for the financial year ended 30 June 2016.

9. INCOME TAX EXPENSE (continued)

Reconciliation between tax expense and accounting (loss)/profit

The reconciliation between tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rate for the financial years ended 30 June 2016 and 30 June 2015 are as follows:

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
(Loss)/profit before tax	**(89,718)**	56,416	**(1,103,334)**	(204,868)
Tax at Malaysian statutory tax rate of 24% (2015: 25%)	**(21,532)**	14,104	**(264,800)**	(51,217)
Different tax rates in other jurisdiction	**7,120**	(963)	**–**	–
Expenses not deductible for tax purposes	**33,660**	64,481	**263,815**	53,023
Income not subject to tax	**(33,698)**	(3,067)	**(743)**	(1,806)
Effect of gains taxed at RPGT rate	**–**	(27,668)	**–**	–
Utilisation of previously unrecognised tax losses	**(8)**	(9,746)	**–**	–
Deferred tax assets not recognised	**79,300**	38,995	**1,728**	–
Reversal of previously recognised tax losses	**6,023**	9,034	**–**	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**–**	(13,083)	**–**	–
Under/(over) provision of deferred tax in prior years	**1,850**	(2,798)	**–**	–
(Over)/under provision of income tax in prior years	**(754)**	3,268	**–**	–
Effects on share of results of associates and joint ventures	**654**	(3,195)	**–**	–
Tax expense	**72,615**	69,362	**–**	–
Tax savings during the financial years arising from: Utilisation of tax losses	**8**	9,746	**–**	–

The above reconciliation has been prepared by aggregating separate reconciliations for each national jurisdiction.

10. DIVIDENDS

	Dividends in respect of financial year		Dividends recognised in financial year	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
	(2)	**(1)**	**(2)**	**(1)**
Distributed share dividends (Note 28, (1)(a) and (1)(b))	–	292,214	–	292,214
Share dividends payable (Note 28, (2) and (1)(c))	**48,540**	138,959	–	138,959
	48,540	431,173	–	431,173

(1) In respect of the financial year ended 30 June 2015, the Company had distributed:

(a) a total of 61,703,857 treasury shares as share dividend on 8 August 2014 with a carrying amount of RM171,380,000 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded;

(b) a total of 50,954,468 treasury shares as share dividend on 26 March 2015 with a carrying amount of RM120,834,000 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded; and

(c) a total of 61,839,781 treasury shares as share dividend on 2 July 2015 with a carrying amount of RM138,959,000 on the basis of three (3) treasury shares for every fifty (50) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded. The share dividend payable was approved by the Board of Directors on 10 June 2015.

(2) In respect of the financial year ended 30 June 2016, a total of 51,858,500 treasury shares with a carrying amount of RM48,540,000 were distributed as share dividend on 29 August 2016 on the basis of one (1) treasury share for every twenty (20) ordinary shares of RM1.00 each held in the Company, fractions of treasury shares being disregarded. The share dividend payable was approved by the Board of Directors on 4 August 2016.

The financial statements for the current financial year do not reflect the distribution of such share dividend as the share dividend was approved by the Board of Directors subsequent to the reporting date on 4 August 2016.

The Directors do not recommend the payment of a final dividend in respect of the current financial year.

11. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the financial year attributable to owners of the parent by the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year.

	Group	
	2016	**2015**
(Loss)/profit for the financial year attributable to owners of the parent (RM'000)	**(95,741)**	46,593
Weighted average number of ordinary shares in issue ('000)	**1,077,769**	1,054,034
Basic (loss)/earnings per share (sen)	**(8.88)**	4.42

(b) Diluted

For the purpose of calculating diluted (loss)/earnings per share, the (loss)/profit for the financial year attributable to owners of the parent and the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. shares granted under the Executive Share Option Scheme of the Company.

	Group	
	2016	**2015**
(Loss)/profit for the financial year attributable to owners of the parent (RM'000)	**(95,741)**	46,593
Weighted average number of ordinary shares in issue ('000)	**1,077,769**	1,054,034
Effect of dilution:		
- ESOS ('000)	**–**	–
Adjusted weighted average number of ordinary shares in issue and issuable ('000)	**1,077,769**	1,054,104
Diluted (loss)/earnings per share (sen)	**(8.88)**	4.42

There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

12. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings (i) RM'000	Land (ii) RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations RM'000	Capital work-in-progress (iii) RM'000	Total RM'000
At 30 June 2016							
Cost							
At 1 July 2015	1,541,010	9,477	21,711	527,172	1,495,198	563,018	4,157,586
Additions	937,985	–	1,507	95,237	170,035	161,892	1,366,656
Business combinations (Note 16(a))	–	–	–	36	–	–	36
Disposal of subsidiaries (Note 16(d)(i))	–	–	–	(3,250)	–	–	(3,250)
Disposals	–	–	(2,823)	(22,559)	(54,135)	–	(79,517)
Write off	–	–	–	(19,295)	(24,108)	–	(43,403)
Reclassification to investment properties (Note 13)	(4,798)	–	–	–	–	–	(4,798)
Reclassification	62,509	–	–	16,339	87,163	(166,011)	–
Exchange differences	9,917	730	183	3,435	12,599	3,818	30,682
At 30 June 2016	2,546,623	10,207	20,578	597,115	1,686,752	562,717	5,423,992
Accumulated depreciation							
At 1 July 2015	363,026	–	13,154	329,104	967,710	–	1,672,994
Charge for the financial year (Note 8(a))	45,903	–	2,549	58,608	194,986	–	302,046
Disposal of subsidiaries (Note 16(d)(i))	–	–	–	(821)	–	–	(821)
Disposals	–	–	(2,139)	(17,179)	(52,042)	–	(71,360)
Write off	–	–	–	(17,901)	(23,643)	–	(41,544)
Reclassification to investment properties (Note 13)	(555)	–	–	–	–	–	(555)
Exchange differences	1,917	–	(2)	2,006	(5,072)	–	(1,151)
At 30 June 2016	410,291	–	13,562	353,817	1,081,939	–	1,859,609
Accumulated impairment loss							
At 1 July 2015	–	–	–	–	1,511	–	1,511
Impairment loss for the financial year	–	–	–	976	15,539	–	16,515
Exchange differences	–	–	–	2	132	–	134
At 30 June 2016	–	–	–	978	17,182	–	18,160
Net book value							
At 30 June 2016	2,136,332	10,207	7,016	242,320	587,631	562,717	3,546,223

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings (i) RM'000	Land (ii) RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations RM'000	Capital work-in-progress (iii) RM'000	Total RM'000
At 30 June 2015							
Cost							
At 1 July 2014	1,319,834	–	16,261	445,289	1,170,942	424,511	3,376,837
Additions	41	–	4,406	61,024	192,994	102,954	361,419
Business combinations (Note 16(a))	–	–	–	13,461	111	–	13,572
Disposals	–	–	(1,119)	(25,504)	(19,348)	–	(45,971)
Write off	–	–	–	(13,936)	(22,496)	(45)	(36,477)
Reclassification from investment properties (Note 13)	4,791	–	–	–	–	–	4,791
Reclassification	2,692	9,477	–	5,603	14,790	(32,562)	–
Disposal group classified as held for sale	–	–	–	(6,289)	(3,880)	–	(10,169)
Exchange differences	213,652	–	2,163	47,524	162,085	68,160	493,584
At 30 June 2015	1,541,010	9,477	21,711	527,172	1,495,198	563,018	4,157,586
Accumulated depreciation							
At 1 July 2014	293,481	–	10,260	285,454	695,709	–	1,284,904
Charge for the financial year (Note 8(a))	36,163	–	2,315	48,730	199,337	–	286,545
Disposals	–	–	(884)	(21,091)	(14,461)	–	(36,436)
Write off	–	–	–	(10,639)	(18,659)	–	(29,298)
Reclassification from investment properties (Note 13)	741	–	–	–	–	–	741
Disposal group classified as held for sale	–	–	–	(5,446)	(3,294)	–	(8,740)
Exchange differences	32,641	–	1,463	32,096	109,078	–	175,278
At 30 June 2015	363,026	–	13,154	329,104	967,710	–	1,672,994
Accumulated impairment loss							
At 1 July 2014	–	–	–	–	1,385	–	1,385
Exchange differences	–	–	–	–	126	–	126
At 30 June 2015	–	–	–	–	1,511	–	1,511
Net book value							
At 30 June 2015	1,177,984	9,477	8,557	198,068	525,977	563,018	2,483,081

12. PROPERTY, PLANT AND EQUIPMENT (continued)

Company

	Motor vehicle	
	2016	**2015**
	RM'000	**RM'000**
Cost		
At 1 July/30 June	**137**	137
Accumulated depreciation		
At 1 July	**110**	83
Charge for the financial year (Note 8(a))	**25**	27
At 30 June	**135**	110
Net book value		
At 30 June	**2**	27

(i) During the financial year, an amount of RM929,086,000 (2015: Nil) was reclassified from Other Assets (Note 20(iii)) upon the completion of the construction of the new shopping mall in the Qingdao City, the PRC.

(ii) The Group owns two pieces of land located in Tangerang Selatan, Banten, Indonesia with building use rights (Hak Guna Bangunan or HGB). The HGBs will expire on 18 December 2020 and 20 October 2028 respectively. Management believes that there will be no difficulty in extending the land rights since both the pieces of land were acquired and supported by legal ownership.

(iii) Capital work-in-progress comprises mainly ongoing renovation for retail stores. These capital work-in-progress will be reclassified to appropriate categories of property, plant and equipment when they are ready for their intended use.

Included in capital work-in-progress as at 30 June 2016 was a building under construction located in Tianjin City, the PRC of RM448,797,000 (2015: RM446,870,000).

(iv) Analysis of purchase of property, plant and equipment during the financial years are as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Aggregate costs of purchase of property, plant and equipment	**1,366,656**	361,419
Prepayment for acquisition of land and building	**(929,086)**	–
Hire purchase	**(465)**	–
Cash payments during the financial years	**437,105**	361,419

(v) Net book values of property, plant and equipment held under hire purchase agreement are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Motor vehicles	**711**	753	**2**	27

13. INVESTMENT PROPERTIES

Group	2016 Completed investment properties (i) RM'000	2016 IPUC (ii) RM'000	2016 Total RM'000	2015 Completed investment properties (i) RM'000	2015 IPUC (ii) RM'000	2015 Total RM'000
Cost						
At 1 July	**13,736**	**194,033**	**207,769**	15,101	96,623	111,724
Additions	**–**	**–**	**–**	–	43,690	43,690
Reclassification from/(to) property, plant and equipment (Note 12)	**4,798**	**–**	**4,798**	(4,791)	–	(4,791)
Acquisition of a subsidiary (Note 16(b))	**–**	**–**	**–**	–	53,720	53,720
Exchange differences	**81**	**–**	**81**	3,426	–	3,426
At 30 June	**18,615**	**194,033**	**212,648**	13,736	194,033	207,769
Accumulated depreciation						
At 1 July	**2,838**	**–**	**2,838**	2,688	–	2,688
Charge for the financial year (Note 8(a))	**312**	**–**	**312**	556	–	556
Reclassification from/(to) property, plant and equipment (Note 12)	**555**	**–**	**555**	(741)	–	(741)
Exchange differences	**(10)**	**–**	**(10)**	335	–	335
At 30 June	**3,695**	**–**	**3,695**	2,838	–	2,838
Accumulated impairment loss						
At 1 July	**–**	**–**	**–**	–	–	–
Impairment loss for the financial year	**–**	**3,043**	**3,043**	–	–	–
At 30 June	**–**	**3,043**	**3,043**	–	–	–
Net book value						
At 30 June	**14,920**	**190,990**	**205,910**	10,898	194,033	204,931
Estimated fair value						
At 30 June	**59,436**	**190,990**	**250,426**	59,180	199,033	258,213

13. INVESTMENT PROPERTIES (continued)

	Group	
	2016	**2015**
	RM'000	**RM'000**
Rental income derived from investment properties	**3,199**	3,030
Direct operating expenses (including repair and maintenance) generating rental income	**(314)**	(556)
Profit arising from investment properties	**2,885**	2,474

(i) The Group's completed investment properties consist of commercial buildings. The fair values of buildings as at 30 June 2016 and 30 June 2015 were determined based on the valuations performed by accredited independent firm of professional valuers, on direct comparison method. The fair values of the completed investment properties are categorised as Level 3 under the fair value hierarchy.

Certain portions of the buildings are held for own use by the Group and such portions are classified as property, plant and equipment.

(ii) IPUC comprises land held by the Group. The land measuring 29.22 acres (2015: 29.22 acres) is located in Melaka, Malaysia and has a leasehold term of 99 years. The land is strategically located in a prime area designated for mixed development purposes, including a shopping mall.

The fair value of the land as at 30 June 2016 and 30 June 2015 were determined based on valuations performed by independent professionally qualified valuers, on a direct comparison method. The fair value of the IPUC is categorised as Level 3 under the fair value hierachy.

(iii) The Group has no restrictions on realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iv) Description of valuation techniques used and key inputs to valuation on investment properties:

Valuation technique	**Significant unobservable inputs**
Completed investment properties and IPUC at 30 June 2016 and 30 June 2015	
Direct comparison method	Selling price per square foot of comparable properties adjusted for location, accessibility, size, title conditions and restrictions, land tenure, zoning or designated use, building, improvements and amenities and time element.

Direct comparison method

Under the direct comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Computer software RM'000	Club memberships RM'000	Brands RM'000	Total RM'000
Cost						
At 1 July 2014	1,341,490	2,978	11,840	387	–	1,356,695
Additions	–	–	1,754	–	2,271	4,025
Business combinations (Note 16(a))	49,713	–	–	–	14,877	64,590
Write off	–	–	(61)	–	–	(61)
Disposal group classified as held for sale	–	–	(64)	–	–	(64)
Exchange differences	189,949	173	1,506	3	–	191,631
At 30 June 2015 and 1 July 2015	**1,581,152**	**3,151**	**14,975**	**390**	**17,148**	**1,616,816**
Additions	**–**	**–**	**1,217**	**–**	**17,847**	**19,064**
Business combinations (Note 16(a))	**420**	**–**	**–**	**–**	**25,540**	**25,960**
Disposal of subsidiaries (Note 16(d))	**–**	**–**	**–**	**–**	**(1,013)**	**(1,013)**
Exchange differences	**6,579**	**242**	**270**	**(2)**	**289**	**7,378**
At 30 June 2016	**1,588,151**	**3,393**	**16,462**	**388**	**59,811**	**1,668,205**
Accumulated amortisation and impairment loss						
At 1 July 2014	11,950	1,787	6,604	172	–	20,513
Amortisation (Note 8(a))	–	612	2,720	–	25	3,357
Impairment loss	1,100	–	–	–	–	1,100
Write off	–	–	(18)	–	–	(18)
Disposal group classified as held for sale	–	–	(22)	–	–	(22)
Exchange differences	–	122	1,032	–	–	1,154
At 30 June 2015 and 1 July 2015	**13,050**	**2,521**	**10,316**	**172**	**25**	**26,084**
Amortisation (Note 8(a))	**–**	**672**	**2,077**	**–**	**5,721**	**8,470**
Impairment loss	**26,915**	**–**	**–**	**–**	**–**	**26,915**
Disposal of subsidiaries (Note 16(d))	**–**	**–**	**–**	**–**	**(289)**	**(289)**
Exchange differences	**–**	**200**	**37**	**(2)**	**59**	**294**
At 30 June 2016	**39,965**	**3,393**	**12,430**	**170**	**5,516**	**61,474**
Net carrying amount						
At 30 June 2016	**1,548,186**	**–**	**4,032**	**218**	**54,295**	**1,606,731**
At 30 June 2015	1,568,102	630	4,659	218	17,123	1,590,732

14. INTANGIBLE ASSETS (continued)

Company	**Club memberships**	
	2016	**2015**
	RM'000	**RM'000**
Cost		
At 1 July/30 June	**135**	135
Accumulated amortisation and impairment loss		
At 1 July/30 June	**107**	107
Net carrying amount		
At 30 June	**28**	28

Goodwill

During the financial year, the Group made an allowance for impairment loss on goodwill of RM26,915,000 (2015: RM1,100,000). The allowance was made after considering the decline in the quoted price of the listed subsidiary and a measurable decrease in the estimated future cash flows noted in other subsidiaries. The recoverable amount of the goodwill as at 30 June 2016 has been determined based on a value in use calculation using cash flow projections from financial budgets approved by the directors covering a five-year period. The impairment charge is recorded within other expenses in the statement of profit or loss.

Customer relationships

Customer relationships arise from the "Privilege Card" loyalty programme of PT Tozy Sentosa. As disclosed in Note 2.10, customer relationships are amortised over their estimated useful lives of 5 years. Amortisation of customer relationships is included in the "depreciation and amortisation" line item of profit or loss.

(a) Impairment tests for goodwill

Management has carried out impairment test review for goodwill based on the recoverable amount of each cash-generating unit ("CGU"). The recoverable amount has been determined based on a value in use calculation. To calculate this, cash flow projections are prepared from financial budgets approved by the directors covering a five-year period.

The pre-tax discount rates applied to the cash flow projections are as follows:

	2016	**2015**
	%	**%**
CGU		
PRC	**13.0**	11.4
Malaysia	**12.2**	9.4
Indonesia	**17.5**	18.0

14. INTANGIBLE ASSETS (continued)

(a) Impairment tests for goodwill (continued)

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segments as follows:

	Malaysia RM'000	PRC RM'000	Indonesia RM'000	Total RM'000
Retailing				
At 30 June 2016	**26,403**	**1,485,248**	**12,521**	**1,524,172**
At 30 June 2015	26,403	1,487,038	11,628	1,525,069
Others				
At 30 June 2016	**24,014**	**–**	**–**	**24,014**
At 30 June 2015	43,033	–	–	43,033

(b) Key assumptions used in value in use calculations

The calculation of value in use for the CGUs are most sensitive to the following assumptions:

Revenue	:	the bases used to determine the future earnings potential are historical sales and expected growth rates of the relevant industry.
Gross margins	:	gross margins are based on the average gross margin achieved in the past two years.
Operating expenses	:	the bases used to determine the values assigned are the cost of inventories purchased for resale, staff costs, depreciation and amortisation, rental expenses and other operating expenses. The value assigned to the key assumption reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.
Growth rates	:	the forecasted growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGUs.
Discount rates	:	discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable weighted average cost of capital for each unit.

(c) Sensitivity to changes in assumptions

With regard to the assessment of value in use of the respective CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the unit to materially exceed its recoverable amount.

15. LAND USE RIGHTS

	Group 2016 RM'000	Group 2015 RM'000
Cost		
At 1 July	**370,909**	318,251
Exchange differences	**2,458**	52,658
At 30 June	**373,367**	370,909
Accumulated amortisation		
At 1 July	**81,972**	63,088
Amortisation (Note 8(a))	**8,937**	7,848
Exchange differences	**(49)**	11,036
At 30 June	**90,860**	81,972
Net book value	**282,507**	288,937
Amount to be amortised:		
- Not later than one year	**8,937**	7,848
- Later than one year but not later than five years	**35,746**	31,390
- Later than five years	**237,824**	249,699

Land use rights include the payment for land use rights to the PRC authorities which are amortised on a straight-line basis over their respective lease periods, ranging from 42 to 45 years (2015: 42 to 45 years). The net book values of those leasehold land as at 30 June 2016 are RM258,977,000 (2015: RM265,890,000).

16. INVESTMENTS IN SUBSIDIARIES

	Company 2016 RM'000	Company 2015 RM'000
Unquoted shares, at cost	**#**	#
Share option granted to employees of subsidiaries	**23,951**	23,951
	23,951	23,951
Market value of quoted subsidiaries outside Malaysia	**720,224**	1,764,056

\# Represent RM24 (2015: RM24)

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Held by the Company						
East Crest International Limited	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Vietnam Investment Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Properties Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100	**–**	–
Prime Yield Holdings Limited	British Virgin Islands	Investment holding	**100**	100	**–**	–
Puncak Pelita Sdn Bhd ƒ	Malaysia	Investment holding	**100**	100	**–**	–
Corporate Code Sdn Bhd	Malaysia	Investment holding	**100**	100	–	–
Subsidiaries of East Crest International Limited						
PRG Corporation Limited ƒ	British Virgin Islands	Investment holding	**100**	100	**–**	–
Serbadagang Holdings Sdn Bhd ƒ	Malaysia	Investment holding	**100**	100	**–**	–
Park Avenue Fashion Sdn Bhd	Malaysia	Retailing business	**100**	100	**–**	–
Smart Spectrum Limited	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Retail Asia Limited ("PRA") + β (Note 16(c)(ii))	Singapore	Investment holding	**68.0**	67.6	**32.0**	32.4
Subsidiaries of Parkson Vietnam Investment Holdings Co Ltd						
Parkson HCMC Holdings Co Ltd	British Virgin Islands	Dormant	**100**	100	**–**	–
Parkson HaiPhong Holdings Co Ltd	British Virgin Islands	Dormant	**100**	100	**–**	–
Parkson TSN Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015	% of ownership interest held by non-controlling interests * 2016	2015
Subsidiaries of Parkson Properties Holdings Co Ltd						
Parkson Properties NDT (Emperor) Co Ltd	British Virgin Islands	Dormant	**100**	100	**–**	–
Parkson Properties Hanoi Co Ltd	British Virgin Islands	Dormant	**100**	100	**–**	–
Subsidiaries of Prime Yield Holdings Limited						
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Gema Binari Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Parkson Credit Holdings Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
AUM Hospitality Sdn Bhd ƒ (Note 16(a)(iii))	Malaysia	Investment holding and provision of management services	**60**	60	**40**	40
Prestasi Serimas Sdn Bhd	Malaysia	Operation of food and beverage businesses	**100**	100	**–**	–
Subsidiary of PRG Corporation Limited						
Parkson Retail Group Limited ("PRGL") + @ (Note 16(c)(i))	Cayman Islands	Investment holding	**54.3** *1 **0.4**	52.7 *1 0.4	**45.3**	46.9
Subsidiary of PRGL						
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiaries of Grand Parkson Retail Group Limited						
Leonemas International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Malverest Property International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015	% of ownership interest held by non-controlling interests * 2016	2015
Subsidiaries of Grand Parkson Retail Group Limited (continued)						
Oroleon International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Releomont International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Exonbury Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Parkson Investment Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Parkson Supplies Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Creation International Investment & Development Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Step Summit Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Global Heights Investment Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Golden Village Group Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Lung Shing International Investments & Development Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Capital Park Development Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Favor Move International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Jet East Investments Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Bond Glory Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiaries of Grand Parkson Retail Group Limited (continued)						
Victor Crest Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Lion Food & Beverage Ventures Limited +	British Virgin Islands	Food and beverage operation	**91** *2 **9**	91	**–**	9
Yeehaw Best Practices Sdn Bhd + ^ (Note 16(a)(i))	Malaysia	Food and beverage operation	**70**	–	**30**	–
Subsidiary of Leonemas International Limited						
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Leonemas (Hong Kong) Limited						
Qingdao Lion Plaza Retail Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Malverest Property International Limited						
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Malverest (Hong Kong) Limited						
Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015	% of ownership interest held by non-controlling interests * 2016	2015
Subsidiaries of Parkson Retail Development Co Ltd						
Beijing Huadesheng Property Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Zhangjiakou Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Harbin Parkson Retail Development Co Ltd + #	People's Republic of China	Operation of department stores	**–**	100	**–**	–
Qingdao Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Qingdao Parkson Beer City Property Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Oroleon International Limited						
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Releomont International Limited						
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiaries of Exonbury Limited						
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
<u>Subsidiaries of Exonbury Limited</u> (continued)						
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	**70** *3 **30**	70 *3 30	**–**	–
Jinan Lion Parkson Consultant Management Co Ltd (formerly Jinan Lion Investment Consultant Co Ltd) +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
<u>Subsidiary of Hong Kong Fen Chai Investment Limited</u>						
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**91** *4 **9**	91 *4 9	**–**	–
<u>Subsidiaries of Xi'an Lucky King Parkson Plaza Co Ltd</u>						
Xi'an Chang'an Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *5 **49**	51 *5 49	**–**	–
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *5 **49**	51 *5 49	**–**	–
Shanxi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiaries of Shanghai Lion Parkson Investment Consultant Co Ltd						
Shanghai Shijie Fashions Co Ltd +	People's Republic of China	Sale of fashion	**100**	100	**–**	–
Shanghai Lion Parkson Management Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Subsidiaries of Parkson Investment Holdings Co Ltd						
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Lanzhou Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Zigong Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Parkson Investment Pte Ltd						
Rosenblum Investments Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Subsidiaries of Parkson Supplies Pte Ltd						
Chongqing Wanyou Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**70**	70	**30**	30
Mianyang Fulin Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60** *6 **40**	60 *6 40	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiaries of Parkson Supplies Pte Ltd (continued)						
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Creation International Investment & Development Limited						
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiaries of Step Summit Limited						
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**60**	60	**40**	40
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd						
Changshu Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Shaoxing Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015	% of ownership interest held by non-controlling interests * 2016	2015
Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd (continued)						
Changzhou Shifeng Retail Development Co Ltd +	People's Republic of China	Sales of apparel	**100**	100	**–**	–
Changzhou Lion Food & Beverage Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Subsidiaries of Hefei Parkson Xiaoyao Plaza Co Ltd						
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operation of department stores	**51** *7 **49**	51 *7 49	**–**	–
Qingdao Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Global Heights Investment Limited						
Asia Victory International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiary of Asia Victory International Limited						
Shunhe International Investment Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Shunhe International Investment Limited						
Kunming Yun Shun He Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd						
Zunyi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**90** *8 **10**	90 *8 10	**–**	–
Liupanshui Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Kunshan Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Panzhihua Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Tianjin Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores and property management	**60** *9 **20** *10 **20**	60 *9 20 *10 20	**–**	–
Subsidiaries of Golden Village Group Limited						
Duo Success Investments Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Duo Success Investments Limited						
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015	% of ownership interest held by non-controlling interests * 2016	2015
Subsidiary of Lung Shing International Investments & Development Limited						
Anshan Lung Shing Property Services Limited +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Capital Park Development Limited						
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Capital Park (HK) Investment & Development Limited						
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60**	60	**40**	40
Subsidiary of Favor Move International Limited						
Hanmen Holdings Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Jet East Investments Limited						
Victory Hope Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiaries of Victory Hope Limited						
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	**70** *11 **30**	70 *11 30	**–**	–
Tianjin Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiary of Nanning Brilliant Parkson Commercial Co Ltd						
Zhongshan Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Bond Glory Limited						
Choice Link Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiary of Choice Link Limited						
Great Dignity Development Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Great Dignity Development Limited						
Shantou Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Victor Crest Limited						
Wide Crest Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiaries of Wide Crest Limited						
Wide Field International Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Sea Coral Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Parkson Venture Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiary of Wide Field International Limited						
Shenyang Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Sea Coral Limited						
Dalian Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Parkson Venture Pte Ltd						
Qingdao No. 1 Parkson Co Ltd +	People's Republic of China	Operation of department stores	**95.9**	95.9	**4.1**	4.1
Subsidiary of Lion Food & Beverage Ventures Limited						
Parkson Food & Beverage Ventures Limited +	Hong Kong SAR	Food and beverage operation	**100**	100	**–**	–
Subsidiary of Parkson Food & Beverage Ventures Limited						
Shanghai Lion Food and Beverage Management Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Subsidiary of Yeehaw Best Practices Sdn Bhd						
Codecg Sdn Bhd +	Malaysia	Investment holding and operations of food and beverage business	**100**	–	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015	% of ownership interest held by non-controlling interests * 2016	2015
Subsidiary of Serbadagang Holdings Sdn Bhd						
Dalian Tianhe Parkson Shopping Centre Co Ltd ƒ £	People's Republic of China	Operation of department stores	**60**	60	**40**	40
Subsidiaries of PRA						
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores	**100**	100	**–**	–
Centro Retail Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
PT Tozy Sentosa +	Indonesia	Operation of department stores, supermarkets and merchandising	**90** *12 **10**	90 *12 10	**–**	–
Parkson Myanmar Co Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Subsidiaries of Parkson Corporation Sdn Bhd						
Parkson Vietnam Co Ltd +	Vietnam	Operation of department stores	**100**	100	**–**	–
Parkson Haiphong Co Ltd +	Vietnam	Operation of department stores	**100**	100	**–**	–
Kiara Innovasi Sdn Bhd	Malaysia	Operation of department stores	**60**	60	**40**	40
Parkson Cambodia Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Online Sdn Bhd	Malaysia	Online retailing	**100**	100	**–**	–
Parkson SGN Co Ltd +	Vietnam	Operation of retail stores	**100**	100	**–**	–

16. **INVESTMENTS IN SUBSIDIARIES** (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiaries of Parkson Corporation Sdn Bhd (continued)						
Parkson Edutainment World Sdn Bhd	Malaysia	Operating theme park, education centres and nursery centres, food and beverage and merchandising	**70**	70	**30**	30
Parkson Lifestyle Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Super Gem Resources Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**70**	100	**30**	–
Parkson Unlimited Beauty Sdn Bhd (formerly known as Bold Paramount Sdn Bhd) ^	Malaysia	Import, operate and distribute fragrance and beauty care products	**100**	–	**–**	–
Max Outlet Sdn Bhd (formerly known as Perfect Gatelink Sdn Bhd) ^	Malaysia	Distribution and retailing of fashionable goods	**100**	–	**–**	–
Parkson Trading (Vietnam) Company Limited + ^	Vietnam	Dormant	**100**	–	**–**	–
Solid Gatelink Sdn Bhd ^	Malaysia	Dormant	**100**	–	**–**	–
Parkson Trends Sdn Bhd (formerly known as Orient Greentech Sdn Bhd) ^	Malaysia	Distribution and retailing of fashionable goods	**100**	–	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
<u>Subsidiaries of Parkson Vietnam Co Ltd</u>						
Parkson Vietnam Management Services Co Ltd +	Vietnam	Operation of department stores	**100**	100	**–**	–
Parkson Hanoi Co Ltd + (Note 16(d)(ii))	Vietnam	Operation of department stores	**–**	70	**–**	30
<u>Subsidiary of Parkson Cambodia Holdings Co Ltd</u>						
Parkson (Cambodia) Co Ltd +	Cambodia	Operation of department stores	**100**	100	**–**	–
<u>Subsidiary of Parkson Myanmar Co Pte Ltd</u>						
Parkson Myanmar Investment Company Pte Ltd +	Singapore	Investment holding	**70**	70	**30**	30
<u>Subsidiaries of Parkson Myanmar Investment Company Pte Ltd</u>						
Parkson Myanmar Asia Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Myanmar Parkson Company Limited +	Myanmar	Retailing and leasing of retail space	**90** *13 **10**	90 *13 10	**–**	–
<u>Subsidiary of Parkson TSN Holdings Co Ltd</u>						
Parkson HBT Properties Co Ltd +	Vietnam	Real estate consulting and management services	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
<u>Subsidiaries of Dyna Puncak Sdn Bhd</u>						
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Magna Rimbun Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
True Excel Investments Limited	British Virgin Islands	Investment holding	**100**	100	**–**	–
<u>Subsidiary of Idaman Erajuta Sdn Bhd</u>						
Festival City Sdn Bhd	Malaysia	Property management and investment holding	**100**	100	**–**	–
<u>Subsidiary of Magna Rimbun Sdn Bhd</u>						
Megan Mastika Sdn Bhd	Malaysia	Property management and investment holding	**100**	100	**–**	–
<u>Subsidiary of Megan Mastika Sdn Bhd</u>						
Dimensi Andaman Sdn Bhd ƒ (Note 16(b)(i))	Malaysia	Investment holding, property development and project management	**100**	100	**–**	–
<u>Subsidiary of True Excel Investments Limited</u>						
True Excel Investments (Cambodia) Co Ltd +	Cambodia	Investment holding	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015	% of ownership interest held by non-controlling interests * 2016	2015
Subsidiaries of Gema Binari Sdn Bhd						
Parkson Branding Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Giftmate Sdn Bhd ƒ (Note 16(a)(ii))	Malaysia	Trading of all kinds of gifts and souvenir products	**60**	60	**40**	40
Subsidiaries of Parkson Branding Sdn Bhd						
Parkson Fashion Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Parkson Branding (L) Limited	Malaysia	Trading and marketing of fashionable goods	**100**	100	**–**	–
Subsidiary of Parkson Credit Holdings Sdn Bhd						
Parkson Credit Sdn Bhd	Malaysia	Credit services	**100**	100	**–**	–
Subsidiaries of AUM Hospitality Sdn Bhd						
Entity A Concepts Sdn Bhd ƒ	Malaysia	Investment holding and provision of management services	**100**	100	**–**	–
Entity B Management Sdn Bhd ƒ	Malaysia	Provision of management services to licensees and franchisees	**100**	100	**–**	–
Entity C Sdn Bhd ƒ	Malaysia	Investment holding and provision of management services	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiaries of AUM Hospitality Sdn Bhd (continued)						
F&B Essentials Sdn Bhd ƒ	Malaysia	Trading of food and beverages	**100**	100	**–**	–
Taste of The World Sdn Bhd ƒ (Note 16(d)(i))	Malaysia	Investment holding and operation of restaurant business	**–**	100	**–**	–
AUM Asiatic Restaurants Sdn Bhd ƒ	Malaysia	Investment holding and provision of management services	**75**	75	**25**	25
Fantastic Red Sdn Bhd ƒ	Malaysia	Provision of interior design service	**75**	75	**25**	25
Subsidiaries of Entity A Concepts Sdn Bhd						
Business Spirit Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**100**	100	**–**	–
J Rockets 1 Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**100**	100	**–**	–
Massive Privilege Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**100**	100	**–**	–
The Library Gastropub VII Sdn Bhd ƒ (Note 16(d)(i))	Malaysia	Operation of restaurant business	**–**	100	**–**	–
Urban Palette Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**90**	90	**10**	10
The Opera Gastroclub Sdn Bhd ƒ	Malaysia	Operation of restaurant business and provision of management services	**90**	90	**10**	10

16. INVESTMENTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	% of ownership interest held by the Group * 2015	% of ownership interest held by non-controlling interests * 2016	% of ownership interest held by non-controlling interests * 2015
Subsidiaries of Entity C Sdn Bhd						
Ombrello Resources Sdn Bhd ƒ	Malaysia	Investment holding	**100**	100	**–**	–
Vertigo Dot My Sdn Bhd ƒ	Malaysia	Ceased operation	**60**	60	**40**	40
Collective Entity Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**60**	60	**40**	40
Subsidiaries of Vertigo Dot My Sdn Bhd						
Ohla Restaurant Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**100**	100	**–**	–
Providence Club KL Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**100**	100	**–**	–
Subsidiary of Taste of The World Sdn Bhd						
The Geographic Adventure Sdn Bhd ƒ (Note 16(d)(i))	Malaysia	Operation of restaurant business	**–**	100	**–**	–
Subsidiaries of AUM Asiatic Restaurants Sdn Bhd						
Genuine Resources Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**100**	100	**–**	–
Alunan Omega Sdn Bhd ƒ	Malaysia	Operation of restaurant business	**100**	100	**–**	–

16. INVESTMENTS IN SUBSIDIARIES (continued)

All the companies are audited by Ernst & Young Malaysia except for those marked ("+") which the company or group companies are audited by a member firm of Ernst & Young Global in the respective countries, and those marked ("ƒ") which are audited by other firms.

* Equals to the proportion of voting rights held.

*1 Held by East Crest International Limited.

*2 Held by AUM Hospitality Sdn Bhd.

*3 Held by Parkson Investment Pte Ltd.

*4 Held by Huge Return Investment Limited.

*5 Held by Parkson Retail Development Co Ltd.

*6 Held by Shanghai Hongqiao Parkson Development Co Ltd.

*7 Held by Creation (Hong Kong) Investment & Development Limited.

*8 Held by Parkson Investment Holdings Co Ltd.

*9 Held by Xi'an Lucky King Parkson Plaza Co Ltd.

*10 Held by Nanning Brilliant Parkson Commercial Co Ltd.

*11 Held by Hanmen Holdings Limited.

*12 Held by Centro Retail Pte Ltd.

*13 Held by Parkson Myanmar Asia Pte Ltd.

^ Subsidiary which was newly incorporated during the financial year.

Dissolved on 1 June 2016.

β Listed on the Singapore Exchange Securities Trading Limited.

@ Listed on The Stock Exchange of Hong Kong Limited.

£ In financial year 2005, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as Investment Securities (Note 22(i)).

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Business combinations

During and in the previous financial years, the Group completed the following business combinations:

(i) Yeehaw Best Practices Sdn Bhd ("YBP")

On 10 July 2015, the Group completed the acquisition of 70% equity interest in YBP which is involved in the food and beverage business and operation of restaurants, for a cash consideration of RM15,000,000. YBP is also the beneficial owner of the entire equity interests in Codecg Sdn Bhd.

The fair values of the identifiable assets and liabilities of the YBP Group at the date of acquisition were:

	Fair value recognised on acquisition 2016 RM'000
Property, plant and equipment	**36**
Intangible assets	**25,540**
Trade and other receivables	**1,384**
Cash and cash equivalents	**9**
	26,969
Trade and other payables	**(16)**
Tax payables	**(7)**
Deferred tax liabilities	**(6,118)**
	(6,141)
Fair value of net assets	**20,828**
Non-controlling interests (30% of net assets)	**(6,248)**
Goodwill arising on acquisition	**420**
Consideration	**15,000**

The cash outflow on the acquisition was as follows:

	Group 2016 RM'000
Cash paid	**(15,000)**
Net cash acquired	**9**
Net cash outflow	**(14,991)**

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Business combinations (continued)

During and in the previous financial years, the Group completed the following business combinations: (continued)

(i) YBP (continued)

The Group elected to measure the non-controlling interests in YBP at the proportionate share of its interest in YBP's identifiable net assets.

Goodwill of RM420,000 comprised the fair value of expected synergies arising from acquisition. The goodwill recognised is not expected to be deductible for income tax purpose.

From the date of acquisition to 30 June 2016, YBP has contributed RM361,000 of revenue and RM1,926,000 of loss (net of tax) to the Group.

(ii) Giftmate Sdn Bhd ("Giftmate")

On 1 August 2014, the Group completed the acquisition of 60% equity interest in Giftmate which is involved in the trading of gifts and souvenir products, for a cash consideration of RM8,000,000.

The fair values of the identifiable assets and liabilities of Giftmate at the date of acquisition were:

	Fair value recognised on acquisition 2015 RM'000
Property, plant and equipment	258
Inventories	236
Trade and other receivables	750
Cash and cash equivalents	1,406
	2,650
Trade and other payables	(58)
Tax payables	(377)
Deferred tax liabilities	(15)
	(450)
Fair value of net assets	2,200
Non-controlling interests (40% of net assets)	(880)
Goodwill arising on acquisition	6,680
Consideration	8,000

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Business combinations (continued)

During and in the previous financial years, the Group completed the following business combinations: (continued)

(ii) Giftmate (continued)

The cash outflow on the acquisition was as follows:

	Group 2015 RM'000
Cash paid	(8,000)
Net cash acquired	1,406
Net cash outflow	(6,594)

The Group elected to measure the non-controlling interests in Giftmate at the proportionate share of its interest in Giftmate's identifiable net assets.

Goodwill of RM6,680,000 comprised the value of expected synergies arising from the acquisition and customers list, which is not separately recognised. The goodwill recognised is not expected to be deductible for income tax purpose.

From the date of acquisition, Giftmate has contributed RM7,079,000 of revenue and RM580,000 of profit (net of tax) to the Group for the financial year ended 30 June 2015. Had the acquisition occurred on 1 July 2014, the Group's revenue and loss (net of tax) in the previous financial year would have been RM3,739,251,000 and RM13,026,000 respectively.

(iii) AUM Hospitality Sdn Bhd ("AUMH") together with its group of companies ("AUMH group of companies")

On 8 October 2014, the Group completed the acquisition of 60% equity interest in AUMH together with its group of companies which are principally involved in the food and beverage businesses, for a total consideration of RM48,000,000 ("AUMH Consideration").

The fair values of the identifiable assets and liabilities of AUMH group of companies at the date of acquisition were:

	Fair value recognised on acquisition 2015 RM'000
Property, plant and equipment	13,314
Intangible assets	14,877
Inventories	1,183
Trade and other receivables	22,300
Cash and cash equivalents	177
	51,851

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Business combinations (continued)

During and in the previous financial years, the Group completed the following business combinations: (continued)

(iii) AUMH group of companies (continued)

	Fair value recognised on acquisition 2015 RM'000
Trade and other payables	(37,909)
Borrowings	(3,250)
Tax payables	(3,188)
Deferred tax liabilities	(3,382)
Non-controlling interests	1,005
	(46,724)
Fair value of net assets	5,127
Non-controlling interests (40% of net assets)	(2,051)
Goodwill arising on acquisition	43,033
Fair value adjustment on deferred consideration	1,891
AUMH Consideration (undiscounted)	48,000

Consideration satisfied by:

	Group 2015 RM'000
Cash	24,000
Deferred consideration *	24,000
	48,000

The cash outflow on the acquisition was as follows:

	Group 2015 RM'000
Cash paid	(24,000)
Net cash acquired	177
Net cash outflow	(23,823)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(a) Business combinations (continued)

During and in the previous financial years, the Group completed the following business combinations: (continued)

(iii) AUMH group of companies (continued)

* AUM Equity Sdn Bhd, the vendor guaranteed that the profit after tax and non-controlling interests of the AUMH group of companies for a period of twelve months from the completion of the acquisitions shall not be less than RM8,500,000 ("AUMH Guaranteed Profit"). In the event there is a shortfall on the AUMH Guaranteed Profit, the Group has the option to either increase the number of shares to be acquired (subject to a maximum of 70%) or the AUMH Consideration shall be adjusted in accordance with an agreed adjustment mechanism. During the financial year, the Group entered into a variation agreement with the vendor to vary the deferred consideration ("Final Payment"). Pursuant to this, both parties had mutually agreed that the Final Payment shall be fixed at RM12,000,000 being the full and final settlement for the acquisition.

The Group elected to measure the non-controlling interests in AUMH group of companies at the proportionate share of its interest in AUMH group of companies' identifiable net assets.

The goodwill of RM43,033,000 comprised the fair value of expected synergies arising from acquisition. The goodwill recognised is not expected to be deductible for income tax purpose.

From the date of acquisition, AUMH group of companies have contributed RM75,594,000 of revenue and RM6,286,000 of profit (net of tax) to the Group for the financial year ended 30 June 2015. Had the acquisition occurred on 1 July 2014, the Group's revenue and loss (net of tax) in the previous financial year would have been RM3,772,416,000 and RM11,350,000 respectively.

(b) Acquisition of subsidiaries

During and in the previous financial years, the Group completed the following acquisitions:

(i) Dimensi Andaman Sdn Bhd ("Dimensi Andaman")

On 29 January 2015, the Group completed the acquisition of 300,000 ordinary shares of RM1.00 each fully paid representing 100% equity interest in Dimensi Andaman for a cash consideration of RM1.00 and 53,719,999 redeemable convertible cumulative preference shares of RM1.00 each fully paid in Dimensi Andaman for a cash consideration of RM53,719,999 from Ayer Keroh Resort Sdn Bhd, a related party of the Group. Dimensi Andaman is an investment holding company which owns 8.22 acres of land located in Melaka.

The fair values of the identifiable assets and liabilities of Dimensi Andaman at the date of acquisition were:

	Fair value recognised on acquisition 2015 RM'000
Investment property, representing identifiable net assets at fair value (Note 13)	53,720

16. INVESTMENTS IN SUBSIDIARIES (continued)

(b) Acquisition of subsidiaries (continued)

During and in the previous financial years, the Group completed the following acquisitions: (continued)

(i) Dimensi Andaman (continued)

The cash outflow on the acquisition was as follows:

	Group 2015 RM'000
Cash paid	(53,720)
Net cash acquired	–
Net cash outflow	(53,720)

The acquisition of Dimensi Andaman was regarded as an asset acquisition.

(ii) Other subsidiaries

During the financial year, the Group acquired the following subsidiaries for a total consideration of RM8 (2015: RM9).

	Consideration RM
2016	
Parkson Unlimited Beauty Sdn Bhd	**2**
Max Outlet Sdn Bhd	**2**
Solid Gatelink Sdn Bhd	**2**
Parkson Trends Sdn Bhd	**2**
	8
2015	
Prestasi Serimas Sdn Bhd	2
Parkson Food & Beverage Ventures Limited	1
Parkson Edutainment World Sdn Bhd	2
Parkson Lifestyle Sdn Bhd	2
Super Gem Resources Sdn Bhd	2
	9

No disclosure on the fair values of the acquired assets and liabilities of the combined entities as the acquisition of these subsidiaries have no material effects on the Group's financial results and financial position.

16. INVESTMENTS IN SUBSIDIARIES (continued)

(c) Increase in shareholdings in subsidiaries

(i) PRGL

During the financial year, PRGL, a subsidiary of the Company, cancelled 79,820,000 (2015: 50,472,000) of its repurchased shares, resulting in the increase of the Group's interest in PRGL from 53.1% to 54.7% (2015: 52.1% to 53.1%).

(ii) PRA

During the financial year, PRA, a subsidiary of the Company, repurchased a total of 3,500,000 (2015: Nil) of its shares from the open market, resulting in the increase of the Group's interest in PRA from 67.6% to 68.0%.

(d) Disposal of subsidiaries

During the financial year, the Group completed the following disposals:

(i) 100% equity interest in The Library Gastropub VII Sdn Bhd ("LGSB"), Taste of The World Sdn Bhd ("TWSB") and The Geographic Adventure Sdn Bhd ("TGA")

On 6 August 2015, the Group disposed of its entire equity interests in LGSB, TWSB and TGA for a cash consideration of RM2 and the purchaser assuming all amounts due by LGSB and TWSB to AUMH, a subsidiary of the Group of an amount of RM3 million.

The disposal had the following effects on the Group's financial results and position for the financial year:

	Group 2016 RM'000
Revenue	1,376
Net loss for the financial year	(44)
Property, plant and equipment	2,429
Intangible assets	724
Inventories	395
Receivables	6,483
Cash and cash equivalents	282
Payables	(9,119)
Borrowings	(154)
Deferret tax liabilities	(10)
Net assets disposed	1,030
Total disposal proceeds	#
Loss on disposal of subsidiaries	1,030
Cash consideration	#
Cash and cash equivalents of subsidiaries disposed	(282)
Net cash outflow of the Group	(282)

\# Represent RM2

16. INVESTMENTS IN SUBSIDIARIES (continued)

(d) Disposal of subsidiaries (continued)

(ii) Dilution of interest in Parkson Hanoi Co Ltd ("Parkson Hanoi") which resulted in loss of control

On 17 August 2015, the Group completed the disposal of approximately 30% equity interest in Parkson Hanoi for a total cash consideration of US$5,000 (equivalent to approximately RM19,000), on which date the Group lost control of Parkson Hanoi. The Group's remaining interest in Parkson Hanoi was remeasured at its fair value and was accounted for as an associate using the equity method of accounting. Details of investment in associate are disclosed in Note 17.

The fair value of assets and liabilities of Parkson Hanoi recorded in the consolidated financial statements as at 17 August 2015, and the effects of the disposal are as follows:

	Group 2016 RM'000
Total assets	**15,821**
Total liabilities	**(256,169)**
Net liabilities disposed	**(240,348)**
Non-controlling interests derecognised	**58,059**
Cumulative exchange differences in respect of the net liabilities of Parkson Hanoi reclassified from equity	**10,454**
Impairment on advances to Parkson Hanoi	**32,633**
Total disposal proceeds	**(19)**
Gain on dilution of interest	**(139,221)**
Cash consideration	**19**
Cash and cash equivalents of subsidiary disposed of	**(1,549)**
Net cash outflow of the Group	**(1,530)**

Included in the liabilities of Parkson Hanoi as at 17 August 2015 was a provision of RM170,813,000 in relation to the early termination of a lease at Landmark 72, Hanoi made in the previous financial year. Parkson Hanoi holds the operating license for the store at Landmark 72. These contingent expenses represent possible compensation payable by Parkson Hanoi to the landlord of the store at Landmark 72 for breach of terms of tenancy agreement. No legal action has been initiated by the landlord to seek such compensation as at 17 August 2015, but Parkson Hanoi has provided for this sum as a contingency and will contest any legal claim that may arise.

This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. Under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount than the maximum contingent expenses provided in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision.

16. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Material partly-owned subsidiaries

Financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below.

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2016 %	2015 %
PRA	Singapore	**32.0**	32.4
PRGL	Cayman Islands	**45.3**	46.9

PRA and PRGL are investment holding companies which subsidiaries are involved in retailing businesses in the Southeast Asia and the PRC respectively.

	Group	
	2016 RM'000	**2015 RM'000**
Accumulated net assets/(liabilities) balances of non-controlling interests:		
PRA	**151,692**	134,291
PRGL	**1,302,202**	1,557,245
Other individually immaterial subsidiaries	**(10,359)**	(51,784)
Total	**1,443,535**	1,639,752
Profit/(loss) allocated to non-controlling interests:		
PRA	**29,234**	(29,649)
PRGL	**(83,453)**	(10,867)
Other individually immaterial subsidiaries	**(12,373)**	(19,023)
Total	**(66,592)**	(59,539)

16. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Material partly-owned subsidiaries (continued)

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information below is the amount before inter-company elimination.

	PRA		PRGL		Total	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
(i) Summarised statements of financial position						
Non-current assets	**596,566**	426,389	**5,262,674**	5,053,700	**5,859,240**	5,480,089
Current assets	**533,492**	633,133	**2,314,066**	3,042,137	**2,847,558**	3,675,270
Non-current liabilities	**(53,318)**	(30,162)	**(2,697,212)**	(2,539,273)	**(2,750,530)**	(2,569,435)
Current liabilities	**(605,073)**	(665,062)	**(1,968,457)**	(2,196,811)	**(2,573,530)**	(2,861,873)
Non-controlling interests	**1,780**	50,309	**(38,522)**	(41,633)	**(36,742)**	8,676
Total equity	**473,447**	414,607	**2,872,549**	3,318,120	**3,345,996**	3,732,727
Attributable to non-controlling interests	**151,692**	134,291	**1,302,202**	1,557,245	**1,453,894**	1,691,536
(ii) Summarised statements of profit or loss						
Revenue	**1,155,541**	1,131,431	**2,633,671**	2,495,918	**3,789,212**	3,627,349
Profit/(loss) for the financial year	**89,777**	(91,538)	**(184,090)**	(23,154)	**(94,313)**	(114,692)
Attributable to non-controlling interests	**29,234**	(29,649)	**(83,453)**	(10,867)	**(54,219)**	(40,516)
Dividends paid to non-controlling interests	**(13,487)**	(37,630)	**(47,914)**	(52,381)	**(61,401)**	(90,011)
(iii) Summarised statements of cash flows						
Operating activities	**78,111**	125,470	**(84,832)**	228,393	**(6,721)**	353,863
Investing activities	**(185,420)**	10,670	**300,466**	(139,657)	**115,046**	(128,987)
Financing activities	**(41,733)**	(123,327)	**(304,102)**	57,907	**(345,835)**	(65,420)
Net (decrease)/increase in cash and cash equivalents	**(149,042)**	12,813	**(88,468)**	146,643	**(237,510)**	159,456

17. INVESTMENTS IN ASSOCIATES

	Group 2016 RM'000	Group 2015 RM'000
Unquoted shares in Malaysia, at cost	**15,926**	–
Unquoted shares outside Malaysia, at cost	**24,056**	324
Share of post-acquisition reserves	**(9,372)**	837
	30,610	1,161
Exchange differences	**660**	85
	31,270	1,246

Details of associates are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015
Shanghai Nine Sea Lion Properties Management Co Ltd &	People's Republic of China	Property management and real estate consulting services	**35**	35
Futurestead Sdn Bhd & ^	Malaysia	Investment holding	**50**	50
Wealthstead Sdn Bhd & ^	Malaysia	Operation of food and beverage businesses	**50**	50
Parkson Hanoi Co Ltd ("Parkson Hanoi") # (i)	Vietnam	Operation of department stores	**42**	–
Parkson Newcore Retail Shanghai Ltd ("Newcore") # (ii)	People's Republic of China	Operation of outlet stores	**49**	–
Rite Bos Sdn Bhd ("Rite Bos") & (iii)	Malaysia	Operation of computer software development and maintenance	**40**	–

All the investments in associates are accounted for using the equity method.

The financial year end of all the associates is 31 December except for Parkson Hanoi which is 30 June. For the purpose of applying the equity method of accounting for associates, the last audited financial statements available and the management financial statements as at end of the accounting period of the associates were used.

* Equals to the proportion of voting rights held.

\# Audited by a member firm of Ernst & Young Global.

& Audited by a firm other than Ernst & Young.

^ These entities form part of the AUMH group of companies.

17. INVESTMENTS IN ASSOCIATES (continued)

(i) As disclosed in Note 16(d)(ii), the Group lost control of Parkson Hanoi following the disposal of approximately 30% equity interest in Parkson Hanoi on 17 August 2015. The Group's remaining interest in Parkson Hanoi was remeasured at its fair value and was accounted for as an associate using the equity method of accounting.

(ii) During the financial year, the Group acquired 49% equity interest in Newcore for a cash consideration of RM23,732,000.

(iii) During the financial year, the Group acquired 40% equity interest in Rite Bos for a total cost of RM15,926,000. The Group paid a cash of RM7,446,000 during the financial year.

Summarised financial information of the Group's material associates and reconciliation of the information of the carrying amount to the Group's interest in associates and Group's share of results of associates, are set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

	Parkson Hanoi RM'000	Newcore RM'000	Rite Bos RM'000	Other individually immaterial associates RM'000	Total RM'000
2016					
(i) Summarised statements of financial position					
Non-current assets	**6,819**	**65,638**	**459**	**74**	**72,990**
Current assets	**5,251**	**43,040**	**10,447**	**6,702**	**65,440**
Total assets	**12,070**	**108,678**	**10,906**	**6,776**	**138,430**
Non-current liabilities	**1,879**	**14,502**	**–**	**–**	**16,381**
Current liabilities	**242,739**	**61,699**	**9,477**	**3,076**	**316,991**
Total liabilities	**244,618**	**76,201**	**9,477**	**3,076**	**333,372**
Net (liabilities)/assets	**(232,548)**	**32,477**	**1,429**	**3,700**	**(194,942)**
(ii) Summarised statements of profit or loss					
Revenue	**13,997**	**206,019**	**598**	**17,010**	**237,624**
(Loss)/profit for the financial year/period	**(7,205)**	**(16,898)**	**(4,940)**	**131**	**(28,912)**
(iii) Group's share of net (liabilities)/assets, excluding goodwill on acquisition	**(105,577)**	**15,914**	**572**	**1,295**	**(87,796)**
Goodwill on acquisition	**–**	**–**	**13,489**	**–**	**13,489**
Cumulative share of unrecognised loss	**105,577**	**–**	**–**	**–**	**105,577**
Carrying amount of Group's interest in associates	**–**	**15,914**	**14,061**	**1,295**	**31,270**
(iv) Group's share of results of associates	**–**	**(8,280)**	**(1,976)**	**47**	**(10,209)**

17. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of the Group's material associates and reconciliation of the information of the carrying amount to the Group's interest in associates and Group's share of results of associates, are set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts. (continued)

	Odel PLC * RM'000	Other individually immaterial associates RM'000	Total RM'000
2015			
(i) Summarised statements of financial position			
Non-current assets	–	102	102
Current assets	–	6,889	6,889
Total assets	–	6,991	6,991
Non-current liabilities	–	–	–
Current liabilities	–	3,432	3,432
Total liabilities	–	3,432	3,432
Net assets	–	3,559	3,559
(ii) Summarised statements of profit or loss			
Revenue	39,207	15,453	54,660
Profit for the financial year/period	217	154	371
(iii) Dividend received from associates	–	80	80
(iv) Group's share of net assets, excluding goodwill on acquisition, representing carrying amount of Group's interest in associates	–	1,246	1,246
(v) Group's share of results of associates	103	53	156

* The Group had completed the disposal of its entire equity interests in Odel PLC in the previous financial year.

18. INVESTMENTS IN JOINT VENTURES

	Group	
	2016	**2015**
	RM'000	**RM'000**
Unquoted shares in Malaysia, at cost	**19,300**	19,300
Unquoted shares outside Malaysia, at cost	**4,675**	4,675
Share of post-acquisition reserves	**12,235**	13,804
Accumulated impairment loss	**(5,733)**	(2,000)
	30,477	35,779
Exchange differences	**3,008**	3,644
	33,485	39,423

Details of joint ventures are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2016	2015
Xinjiang Youhao Parkson Development Co Ltd ("Xinjiang Youhao") (i)	People's Republic of China	Operation of department stores	**51**	51
Marlow House Asia Limited &	British Virgin Islands	Investment holding	**50**	50
Watatime group of companies: &				
Watatime Marketing Sdn Bhd	Malaysia	Wholesaling of watches	**50**	50
J. Bovier Time (M) Sdn Bhd	Malaysia	Retailing of watches	**50**	50
Watatime (Subang) Sdn Bhd	Malaysia	Retailing of watches	**37.5**	37.5
Watatime (M) Sdn Bhd	Malaysia	Retailing of watches	**50**	50
Watatime Group Sdn Bhd	Malaysia	Dormant	**50**	50
The Timepiece Repair Specialist Sdn Bhd (formerly known as The Time Shop Sdn Bhd)	Malaysia	Retailing of watches	**50**	50
Wata Time (S) Pte Ltd	Singapore	Dormant	**50**	50
Valino International Apparel Sdn Bhd ("Valino") &	Malaysia	Apparel retailer	**50**	50

All the investments in joint ventures are accounted for using the equity method.

All of the joint ventures have the same reporting period as the Group except for Xinjiang Youhao and Valino. The financial year end for both the companies is 31 December. For the purpose of applying the equity method of accounting for joint ventures, the last audited financial statements available and the management financial statements as at end of the accounting period of the joint ventures were used.

* The Group has voting rights of all its joint ventures under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

& Audited by a firm other than Ernst & Young.

(i) Although the Group has ownership indirectly through subsidiary of more than half of the voting power of the subject entity, the joint venture agreement established joint control over the subject entity. The joint venture agreement ensures that no single venturer is in a position to control the activities of the entity unilaterally. The entity forms part of the PRGL group of companies, which is audited by a member firm of Ernst & Young Global.

18. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information of the Group's material joint ventures and reconciliation of the information of the carrying amount to the Group's interest in joint ventures and Group's share of results of joint ventures, are set out below. The summarised financial information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

		Watatime group of companies		Xinjiang Youhao		Other individually immaterial joint ventures		Total	
		2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
(i)	Summarised statements of financial position								
	Non-current assets	**11,717**	12,131	**10,022**	7,173	**351**	224	**22,090**	19,528
	Current assets	**81,689**	97,717	**123,680**	126,209	**6,196**	8,343	**211,565**	232,269
	Total assets	**93,406**	109,848	**133,702**	133,382	**6,547**	8,567	**233,655**	251,797
	Non-current liabilities	**946**	961	**1,366**	1,654	**13**	–	**2,325**	2,615
	Current liabilities	**76,614**	89,017	**85,054**	84,165	**2,454**	865	**164,122**	174,047
	Total liabilities	**77,560**	89,978	**86,420**	85,819	**2,467**	865	**166,447**	176,662
	Net assets	**15,846**	19,870	**47,282**	47,563	**4,080**	7,702	**67,208**	75,135
(ii)	Summarised statements of profit or loss								
	Revenue	**71,788**	60,072	**98,369**	99,098	**9,710**	8,303	**179,867**	167,473
	(Loss)/profit for the financial year	**(4,024)**	(4,682)	**26,041**	31,597	**(124)**	1,701	**21,893**	28,616
(iii)	Dividend received from joint ventures	**–**	–	**(12,787)**	(14,375)	**–**	–	**(12,787)**	(14,375)
(iv)	Group's share of net assets, representing carrying amount of Group's interest in joint ventures	**7,331**	11,315	**24,114**	24,257	**2,040**	3,851	**33,485**	39,423
(v)	Group's share of results of joint ventures	**(3,984)**	(4,341)	**13,280**	16,114	**(1,811)**	852	**7,485**	12,625

19. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2016 RM'000	Group 2015 RM'000
At 1 July	**16,088**	(17,541)
Recognised in profit or loss (Note 9)	**36,078**	41,101
Business combinations (Note 16(a))	**(6,118)**	(3,397)
Disposal of subsidiaries (Note 16(d))	**10**	–
Exchange differences	**(605)**	(4,075)
At 30 June	**45,453**	16,088
Presented after appropriate offsetting as follows:		
Deferred tax assets	**207,641**	165,669
Deferred tax liabilities	**(162,188)**	(149,581)
	45,453	16,088

The components and movements of deferred tax assets and liabilities during the financial years prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Others * RM'000	Total RM'000
At 1 July 2015	**3,489**	**34,404**	**127,776**	**165,669**
Recognised in profit or loss	**2,711**	**26,454**	**13,100**	**42,265**
Exchange differences	**169**	**3,426**	**(3,888)**	**(293)**
At 30 June 2016	**6,369**	**64,284**	**136,988**	**207,641**
At 1 July 2014	2,913	20,867	99,729	123,509
Recognised in profit or loss	236	9,658	12,650	22,544
Exchange differences	340	3,879	15,397	19,616
At 30 June 2015	3,489	34,404	127,776	165,669

* Others comprises accrued of rental and other expenses and coupon provision.

19. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Deferred tax liabilities of the Group:

	Capital allowances RM'000	Asset revaluation RM'000	Withholding taxes RM'000	Others RM'000	Total RM'000
At 1 July 2015	**(92,139)**	**(54,030)**	**–**	**(3,412)**	**(149,581)**
Recognised in profit or loss	**(6,238)**	**1,083**	**–**	**(1,032)**	**(6,187)**
Business combinations (Note 16(a))	**(6,118)**	**–**	**–**	**–**	**(6,118)**
Disposal of subsidiaries (Note 16(d))	**10**	**–**	**–**	**–**	**10**
Exchange differences	**103**	**(392)**	**–**	**(23)**	**(312)**
At 30 June 2016	**(104,382)**	**(53,339)**	**–**	**(4,467)**	**(162,188)**
At 1 July 2014	(84,902)	(43,465)	(12,016)	(667)	(141,050)
Recognised in profit or loss	4,714	429	13,083	331	18,557
Business combinations (Note 16(a))	(355)	–	–	(3,042)	(3,397)
Exchange differences	(11,596)	(10,994)	(1,067)	(34)	(23,691)
At 30 June 2015	(92,139)	(54,030)	–	(3,412)	(149,581)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	2016 RM'000	2015 RM'000
Unused tax losses	**875,298**	544,362
Unabsorbed capital allowances	**657**	1,177
	875,955	545,539
Deferred tax at respective jurisdiction's applicable tax rate, if recognised	**210,229**	130,929

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries is subject to approval from the tax authority of the country in which the losses originate.

Deferred tax assets have not been recognised in respect of the unused tax losses and unabsorbed capital allowances as it is not probable that taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised, considering that the relevant subsidiaries have been incurring losses and there are no other tax planning opportunities or other evidence of recoverability in the near future. If the Group was able to recognise all unrecognised deferred tax assets, the Group's loss would have been RM210,229,000 (2015: RM130,929,000) lower.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

20. OTHER ASSETS

	Group 2016 RM'000	Group 2015 RM'000
Lease deposits	**77,169**	140,491
Lease and other prepayments (i)	**219,177**	208,979
Deferred lease expense (ii)	**59,191**	58,393
Prepayment for acquisition of land and building (iii)	**–**	721,265
Other deposits (iv)	**59,572**	65,350
	415,109	1,194,478

(i) This represents mainly the long term portion of the prepaid lease rental paid to lessors.

(ii) Deferred lease expense represents the difference between the fair value of non-current rental deposits recognised on initial recognition and the nominal deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 15 years (2015: 2 to 15 years).

The movement in deferred lease expense is as follows:

	Group 2016 RM'000	Group 2015 RM'000
At 1 July	**60,105**	75,691
Additions/(reversals) during the financial year	**6,906**	(15,285)
Recognised in profit or loss (Note 8(a))	**(7,098)**	(7,666)
Disposal group classified as held for sale	**–**	(2,549)
Exchange differences	**1,349**	9,914
At 30 June	**61,262**	60,105
Less: Current portion of deferred lease expense (Note 25)	**(2,071)**	(1,712)
Non-current portion of deferred lease expense	**59,191**	58,393

(iii) The amount as at 30 June 2015 represented prepayment for the acquisition of the land use right and construction of a new shopping mall in the Qingdao City, the PRC ("Qingdao Shopping Mall"). During the financial year, an amount of RM929,086,000 was reclassified to Property, Plant and Equipment (Note 12) upon the completion of the construction of the Qingdao Shopping Mall in December 2015.

(iv) Included in other deposits are US$14,824,000 or equivalent to approximately RM59,572,000 (2015: US$13,338,000 or equivalent to approximately RM50,338,000) paid for the proposed lease and acquisition of a retail mall in Cambodia.

21. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2016	**2015**
	RM'000	**RM'000**
Non-current		
Amounts due from subsidiaries	**7,327,174**	7,481,270
Less: Allowance for impairment loss	**(6,468,810)**	(5,371,910)
	858,364	2,109,360
Current		
Amounts due from subsidiaries	**89,978**	1,729

Movement in allowance accounts:

At 1 July	**5,371,910**	5,171,000
Charge for the financial year	**1,096,900**	207,910
Reversal for the financial year (Note 5)	**–**	(7,000)
At 30 June	**6,468,810**	5,371,910

Included in the allowance for impairment loss during the financial year was an allowance made on the amount due from East Crest International Limited, a wholly-owned subsidiary of the Company which holds 54.7% (2015: 53.1%) equity interest in PRGL, of RM1,093,200,000 (2015: RM197,000,000). The allowance was made after considering a measurable decrease in the estimated future cash flows from PRGL.

The non-current portion of the amounts due from subsidiaries represents the amount which the Company does not intend to demand repayment within twelve months from the reporting date.

The current portion of the amounts due from subsidiaries are unsecured, interest free and repayable on demand. Certain amounts due from subsidiaries bear interests of 4.6% per annum (2015: Nil).

22. INVESTMENT SECURITIES

	Group 2016 RM'000	Group 2015 RM'000
Non-current		
Available-for-sale financial investments:		
Outside Malaysia		
- Unquoted shares		
At cost (i)	**21,296**	21,296
Accumulated impairment loss	**(21,296)**	(21,296)
	–	–
In Malaysia		
- Unquoted shares, at cost (ii)	**933**	233
	933	233
Held-to-maturity investment:		
- Unquoted shares, at amortised cost	**18,012**	30,012
Total non-current investment securities	**18,945**	30,245
Current		
Available-for-sale financial investments:		
- Money market instruments, quoted, representing total current investment securities	**28,586**	33,243
Total investment securities	**47,531**	63,488

(i) As disclosed in Note 16, the Group ceased to have management control over Dalian Tianhe Parkson Shopping Centre Co Ltd. Accordingly, the investment was accounted as available-for-sale financial investments.

(ii) This represents investments in Lion Insurance Company Limited and Lion Group Management Services Sdn Bhd, related parties of the Group. The relationship of the related parties with the Group is further disclosed in Note 35.

23. OTHER FINANCIAL ASSET AND FINANCIAL LIABILITY

(i) Financial asset

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Derivative not designated as hedging instrument				
Option to purchase additional shares in: Kiara Innovasi Sdn Bhd ("Kiara Innovasi")	**52**	52	**–**	–

The derivative relates to fair value of an irrevocable option ("Option") granted by Galaxy Point Sdn Bhd ("Galaxy Point"), the 40% shareholder of Kiara Innovasi, to Parkson Corporation Sdn Bhd ("PCSB") to purchase Galaxy Point's entire shareholding in Kiara Innovasi at the proportionate net tangible assets of Kiara Innovasi. PCSB may exercise the Option at any time for a period of three years from the date of business commencement of Kiara Innovasi. The Option is renewed every three years. Further details on fair value measurement of the Option are disclosed in Note 39(a).

23. OTHER FINANCIAL ASSET AND FINANCIAL LIABILITY (continued)

(ii) Financial liability

	Group		Company	
	2016 RM'000	2015 RM'000	2016 RM'000	2015 RM'000
Derivative not designated as hedging instrument				
Cross currency interest rate swap	**3,669**	–	**3,669**	–

On 23 October 2015, the Company entered into a cross currency interest rate swap to hedge foreign exchange and interest rate risks exposure for borrowings amounting to US$15,000,000 (equivalent to RM60,277,000 (Note 31)). As a result, the Company pays a fixed interest rate of 4.55% for the borrowing in Ringgit Malaysia. This hedge has been assessed as ineffective.

Derivatives not designated as hedging instruments reflect the negative change in fair value of this cross currency interest rate swap that is not designated in a hedge relationship, but is, nevertheless, intended to reduce the level of foreign currency and interest rate risks for expected exchange of principal and periodic interest payment.

During the financial year, a fair value loss on cross currency interest rate swap of RM3,669,000 was recognised in profit or loss (Note 8(a)).

24. INVENTORIES

	Group	
	2016 RM'000	2015 RM'000
At costs:		
Merchandise inventories	**457,457**	337,521
Properties held for sale	**6,198**	6,171
Consumables	**15,344**	15,539
	478,999	359,231
At realisable value:		
Merchandise inventories	**15,943**	127
Total	**494,942**	359,358

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,379,704,000 (2015: RM1,275,980,000).

25. TRADE AND OTHER RECEIVABLES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Non-current				
Trade receivables	**73,335**	–	**–**	–
Current				
Trade receivables				
Third parties	**86,450**	47,701	**–**	–
Less: Allowance for impairment loss	**(3,790)**	(1,105)	**–**	–
Trade receivables, net	**82,660**	46,596	**–**	–
Other receivables				
Sundry receivables (i)	**163,394**	140,604	**3**	3
Less: Allowance for impairment loss	**(9,434)**	(7,505)	**–**	–
	153,960	133,099	**3**	3
Deposits (ii)	**94,128**	77,341	**12**	7
Less: Allowance for impairment loss	**(35,000)**	(33,389)	**–**	–
	59,128	43,952	**12**	7
Prepayments	**88,920**	163,290	**–**	–
Less: Allowance for impairment loss	**(8,263)**	–	**–**	–
	80,657	163,290	**–**	–
Amounts due from associates and joint ventures (iii)	**40,766**	13,208	**5**	–
Less: Allowance for impairment loss	**(10,359)**	–	**–**	–
	30,407	13,208	**5**	–
Amounts due from managed stores (iv)	**9,455**	1,507	**–**	–
Less: Allowance for impairment loss	**(8,862)**	–	**–**	–
	593	1,507	**–**	–
Amounts due from related parties (v)	**12,127**	14,940	**12,127**	14,940
Lease prepayments (vi)	**174,599**	207,756	**–**	–
Deferred lease expense (Note 20)	**2,071**	1,712	**–**	–
Other receivables, net	**513,542**	579,464	**12,147**	14,950

25. TRADE AND OTHER RECEIVABLES (continued)

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Trade and other receivables (As above)				
- non-current	**73,335**	–	**–**	–
- current	**596,202**	626,060	**12,147**	14,950
Total trade and other receivables	**669,537**	626,060	**12,147**	14,950
Add: Deposits, cash and bank balances (Note 26)	**1,904,651**	2,785,599	**1,433**	2,982
Add: Long term deposits	**136,741**	205,841	**–**	–
Add: Amounts due from subsidiaries (Note 21)	**–**	–	**948,342**	2,111,089
Less: Lease prepayments	**(174,599)**	(207,756)	**–**	–
Less: Prepayments	**(80,657)**	(163,290)	**–**	–
Less: Deferred lease expense	**(2,071)**	(1,712)	**–**	–
Total loans and receivables	**2,453,602**	3,244,742	**961,922**	2,129,021

(i) Sundry receivables

Sundry receivables comprise the following:

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Credit card sales receivables	**21,027**	18,548	**–**	–
Advances to suppliers	**59,409**	43,824	**–**	–
Accrued interest on deposits	**11,897**	15,564	**–**	–
Compensation receivable from a landlord	**–**	12,056	**–**	–
Others	**71,061**	50,612	**3**	3
	163,394	140,604	**3**	3

Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (2015: 1 to 90 days).

25. TRADE AND OTHER RECEIVABLES (continued)

(ii) Deposits

Included in deposits are:

(a) a refundable deposit of RM8,162,000 (2015: RM11,782,000) paid to C&T Corporation ("C&T") for the proposed acquisition by the Group from C&T of a 55% equity interest in a joint-stock company, C.T Phuong Nam Joint Stock Company. In September 2010, the Group and C&T have mutually agreed to terminate the acquisition and the deposit paid will be refunded by C&T in full together with interest to the Group.

(b) deposits of RM30,871,000 (2015: RM29,405,000) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to two individuals and a Vietnamese company (collectively the "Vietnamese Store Owners"). These Vietnamese Store Owners separately own three department stores in Vietnam which are operated and managed by Parkson Vietnam Management Services Co Ltd, a subsidiary of the Group. Pursuant to agreements entered into between these Vietnamese Store Owners, Parkson Vietnam is allowed to acquire certain equity interests in the department stores upon fulfilment of certain conditions. The deposits are non-interest bearing and are secured by certain percentage of the charter capital of the Vietnamese Store Owners in the companies operating the department stores and the assets of the Vietnamese company's department store.

During the financial year, Parkson Vietnam carried out a review on the recoverable amount of the deposits paid. An allowance for impairment loss of RM8,273,000 (2015: RM21,668,000) was recognised in profit or loss.

(iii) Amounts due from associates and joint ventures

Included in amounts due from associates and joint ventures are:

(a) two entrusted loans to an associate, Parkson Newcore Retail Shanghai Ltd amounted to a total of RM13,882,000 (2015: Nil) which have fixed terms bearing interest rates of 4.35% and 4.75% per annum, respectively.

(b) an amount due from an associate, Parkson Hanoi Co Ltd of RM10,386,000 (2015: Nil) which is unsecured, non-interest bearing and repayable upon demand.

(c) loans and related interest receivables due from a joint venture, Watatime (M) Sdn Bhd of RM12,793,000 (2015: RM9,508,000) which certain principal amounts bear interest of 7% per annum (2015: 7% per annum).

(iv) Amounts due from managed stores

The balances are unsecured, non-interest bearing, repayable upon demand and to be settled in cash.

(v) Amounts due from related parties

Included in the amounts due from related parties is an amount due from Total Triumph Investments Limited ("Total Triumph") as follows:

	Group/Company	
	2016	**2015**
	RM'000	**RM'000**
Principal amount	**3,000**	6,000
Interest	**9,005**	8,818
	12,005	14,818

25. TRADE AND OTHER RECEIVABLES (continued)

(v) Amounts due from related parties (continued)

On 19 September 2007, the Company completed the disposal of the entire 100% equity interest in Bright Steel Sdn Bhd ("Bright Steel") to Total Triumph for a cash consideration of RM53,470,000, of which RM13,470,000 was settled upon the completion. As at 30 June 2016, a total of RM37,000,000 (2015: RM34,000,000) deferred payment was paid by Total Triumph to the Company.

The amount due from Total Triumph bears interest of 1% (2015: 1%) above base lending rate per annum and is secured against shares in Bright Steel.

Other than the above, the amounts due from other related parties are unsecured, interest free and repayable on demand.

The relationship of the related parties with the Group and the Company are further disclosed in Note 35.

(vi) Lease prepayments

Lease prepayments are non-interest bearing except for an amount of approximately RM118,258,000 (2015: RM191,896,000) paid to landlords by subsidiaries in the PRC which bore interests ranging from 5% to 18% per annum (2015: 6% to 15% per annum).

<u>Trade receivables</u>

Trade receivables consist of mainly financing receivables relating to the Group's provision of financing facilities based on Islamic principles. Other trade receivables have credit terms ranging from payment in advance to 90 days (2015: payment in advance to 90 days).

Other information on financial risks of trade and other receivables are disclosed in Note 40.

<u>Ageing analysis of trade receivables</u>

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Neither past due nor impaired	**147,575**	36,828
1 to 30 days past due not impaired	**1,780**	3,753
31 to 60 days past due not impaired	**2,552**	1,496
61 to 90 days past due not impaired	**1,217**	1,191
More than 91 days past due not impaired	**2,871**	3,328
Past due but not impaired	**8,420**	9,768
Impaired	**3,790**	1,105
	159,785	47,701

25. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Trade receivables that are past due but not impaired

Receivables that are past due but not impaired are unsecured in nature. Management is confident that these receivables are recoverable as these accounts are still active.

Trade and other receivables that are impaired

The Group's trade and other receivables that are impaired at the reporting date are principally on delinquent accounts and the movement of allowance accounts used to record the impairment losses are as follows:

	Group Individually impaired	
	2016 RM'000	**2015 RM'000**
Trade receivables - nominal amounts	**3,790**	1,105
Less: Allowance for impairment loss	**(3,790)**	(1,105)
	–	–
Sundry receivables - nominal amounts	**9,434**	7,505
Less: Allowance for impairment loss	**(9,434)**	(7,505)
	–	–
Deposits - nominal amounts	**35,000**	33,389
Less: Allowance for impairment loss	**(35,000)**	(33,389)
	–	–
Prepayments - nominal amounts	**8,263**	–
Less: Allowance for impairment loss	**(8,263)**	–
	–	–
Amount due from an associate - nominal amounts	**10,359**	–
Less: Allowance for impairment loss	**(10,359)**	–
	–	–
Amounts due from managed stores	**8,862**	–
Less: Allowance for impairment loss	**(8,862)**	–
	–	–

25. TRADE AND OTHER RECEIVABLES (continued)

Movement in allowance accounts:

Group	Trade receivables RM'000	Sundry receivables RM'000	Deposits RM'000	Prepayments RM'000	Amount due from an associate RM'000	Amounts due from managed stores RM'000	Total RM'000
At 1 July 2015	**1,105**	**7,505**	**33,389**	**–**	**–**	**–**	**41,999**
Charge for the financial year (Note 8(a)):							
Trade and sundry receivables	**3,346**	**6,831**	**–**	**–**	**–**	**–**	**10,177**
Investment deposits ((ii)(b))	**–**	**–**	**8,273**	**–**	**–**	**–**	**8,273**
Prepaid rental of a planned store	**–**	**–**	**–**	**8,244**	**–**	**–**	**8,244**
Amount due from an associate	**–**	**–**	**–**	**–**	**10,487**	**–**	**10,487**
Amounts due from managed stores	**–**	**–**	**–**	**–**	**–**	**8,842**	**8,842**
	3,346	**6,831**	**8,273**	**8,244**	**10,487**	**8,842**	**46,023**
Reversal of impairment loss (Note 8(a))	**(30)**	**–**	**–**	**–**	**–**	**–**	**(30)**
Written off	**(981)**	**(4,681)**	**(11,188)**	**–**	**–**	**–**	**(16,850)**
Exchange differences	**350**	**(221)**	**4,526**	**19**	**(128)**	**20**	**4,566**
At 30 June 2016	**3,790**	**9,434**	**35,000**	**8,263**	**10,359**	**8,862**	**75,708**
At 1 July 2014	1,121	6,248	–	–	–	–	7,369
Charge for the financial year (Note 8(a)):							
Trade and sundry receivables	206	654	–	–	–	–	860
Investment deposits ((ii)(b))	–	–	21,668	–	–	–	21,668
Rental deposit of a closed store	–	–	9,785	–	–	–	9,785
	206	654	31,453	–	–	–	32,313
Reversal of impairment loss (Note 8(a))	(275)	–	–	–	–	–	(275)
Exchange differences	53	603	1,936	–	–	–	2,592
At 30 June 2015	1,105	7,505	33,389	–	–	–	41,999

26. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2016 **RM'000**	**2015** **RM'000**	**2016** **RM'000**	**2015** **RM'000**
Deposits, cash and bank balances:				
Cash on hand and at banks				
- Malaysia	**29,266**	64,825	**1,433**	1,970
- Foreign	**530,468**	479,418	**–**	–
Deposits with:				
Licensed banks				
- Malaysia	**32,179**	138,649	**–**	1,012
- Foreign	**1,232,426**	1,987,588	**–**	–
Licensed finance companies in Malaysia	**80,312**	115,119	**–**	–
Total deposits, cash and bank balances	**1,904,651**	2,785,599	**1,433**	2,982
Less:				
Investments in principal guaranteed deposits	**(1,059,220)**	(1,666,579)	**–**	–
Non-pledged time deposits with original maturity of more than three months when acquired	**(78,669)**	(108,340)	**–**	–
Bank overdrafts (Note 31)	**(52,525)**	(38,413)	**(48,260)**	(34,577)
Cash and cash equivalents	**714,237**	972,267	**(46,827)**	(31,595)

As at 30 June 2016, deposits, cash and bank balances of the Group amounting to RM510,352,000 (2015: RM514,942,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 31(i).

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM1,558,258,000 (2015: RM2,315,141,000) at the reporting date are subject to the exchange control restrictions of that country. The said deposits, cash and bank balances are available for use by the subsidiaries in the country and the exchange control restrictions will only apply if the monies are to be remitted to another country outside of the PRC.

The investments in principal guaranteed deposits have terms of less than one year and have an expected average annual rate of return of 3.1% (2015: 3.5%). Pursuant to the underlying contracts or notices, the investments in principal guaranteed deposits are capital guaranteed upon the maturity date.

The average effective interest rates of deposits at the reporting date are as follows:

	Group		Company	
	2016 %	**2015** %	**2016** %	**2015** %
Licensed banks	**3.3**	3.2	**–**	2.7
Licensed finance companies	**3.4**	3.4	**–**	–

Deposits of the Group have varying periods of between 1 day and 12 months (2015: 1 day and 12 months) while deposits of the Company is nil (2015: 1 day and 12 days). Bank balances are deposits held at call with licensed banks.

27. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 16 June 2015, Parkson Vietnam Co Ltd, a wholly-owned subsidiary of PRA, entered into a capital assignment agreement with Mr Hoang Manh Cuong ("Cuong") for the proposed disposal of approximately 30% equity interest in Parkson Hanoi Co Ltd ("Parkson Hanoi") to Cuong for a total cash consideration of US$5,000 (equivalent to approximately RM19,000) ("Disposal"). As at 30 June 2015, the assets and liabilities related to Parkson Hanoi were presented in the consolidated statement of financial position as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale".

The Disposal was completed on 17 August 2015.

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES

Group/Company	Number of ordinary shares of RM1.00 each		Amount	
	2016 '000	2015 '000	2016 RM'000	2015 RM'000
Authorised share capital				
At 1 July/30 June	**4,500,000**	4,500,000	**4,500,000**	4,500,000

Group/Company	Number of ordinary shares of RM1.00 each: Share capital (Issued and fully paid) '000	Treasury shares '000	Amount: Share capital (Issued and fully paid) RM'000 (a)	Share premium RM'000	Total share capital and share premium RM'000	Treasury shares RM'000 (b)
At 1 July 2015	**1,093,902**	**(63,142)**	**1,093,902**	**3,105,643**	**4,199,545**	**(141,885)**
Purchase of treasury shares	**–**	**(49,000)**	**–**	**–**	**–**	**(45,375)**
Distribution of share dividend (Note 10)	**–**	**61,840**	**–**	**–**	**–**	**138,959**
At 30 June 2016	**1,093,902**	**(50,302)**	**1,093,902**	**3,105,643**	**4,199,545**	**(48,301)**
At 1 July 2014	1,093,902	(59,508)	1,093,902	3,536,816	4,630,718	(166,672)
Purchase of treasury shares	–	(116,292)	–	–	–	(267,427)
Distribution of share dividends (Note 10)	–	112,658	–	(292,214)	(292,214)	292,214
Share dividend payable (Note 10)	–	–	–	(138,959)	(138,959)	–
At 30 June 2015	1,093,902	(63,142)	1,093,902	3,105,643	4,199,545	(141,885)

28. SHARE CAPITAL, SHARE PREMIUM AND TREASURY SHARES (continued)

(a) Issue of shares

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) Treasury shares

This amount represents the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year, the Company repurchased a total of 49,000,400 (2015: 116,292,500) of its issued ordinary shares from the open market at an average price of RM0.93 (2015: RM2.30) per share. The total consideration paid for the repurchased shares including transaction costs was RM45,375,000 (2015: RM267,427,000). The repurchase transactions were financed by internally generated funds. The shares repurchased are being held as treasury shares in accordance with Section 67A of the Companies Act, 1965.

As at 30 June 2016, the number of outstanding ordinary shares in issue after the set off of 50,302,480 treasury shares held by the Company were 1,043,599,570 ordinary shares of RM1.00 each.

As at 30 June 2015, the number of outstanding ordinary shares in issue after the set off of 63,141,861 treasury shares held by the Company were 1,030,760,189 ordinary shares of RM1.00 each and after deducting 61,839,781 treasury shares distributed as share dividend on 2 July 2015 (Note 10(1)(c)), the remaining treasury shares held were 1,302,080 shares, resulting in the number of outstanding ordinary shares in issue of 1,092,599,970 ordinary shares of RM1.00 each.

29. OTHER RESERVES

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Premium on acquisition of non-controlling interests RM'000	Reserve of disposal group classified as held for sale RM'000	Total RM'000
2016								
At 1 July 2015	378,836	12,197	80,426	96,544	(2,071,102)	(3,843)	(1,081)	(1,508,023)
Other comprehensive income/ (loss) for the financial year								
Foreign currency translation	(126,948)	718	653	635	–	–	–	(124,942)
Less: Non-controlling interests	102,422	(326)	(296)	(288)	–	–	–	101,512
	(24,526)	392	357	347	–	–	–	(23,430)
Transactions with owners								
Transfer to capital reserves	–	–	–	874	–	–	–	874
Employee share options lapsed	–	(6,072)	–	–	–	–	–	(6,072)
Cancellation of treasury shares by a subsidiary	15,306	363	2,423	2,689	–	–	–	20,781
Dilution of interest in a subsidiary	–	–	–	–	–	–	1,081	1,081
	15,306	(5,709)	2,423	3,563	–	–	1,081	16,664
At 30 June 2016	369,616	6,880	83,206	100,454	(2,071,102)	(3,843)	–	(1,514,789)

29. OTHER RESERVES (continued)

Group	Exchange fluctuation reserves RM'000	Share option reserve RM'000 (a)	Asset revaluation reserve RM'000 (b)	Capital reserves RM'000 (c)	Merger deficit RM'000 (d)	Premium on acquisition of non-controlling interests RM'000	Reserve of disposal group classified as held for sale RM'000	Total RM'000
2015								
At 1 July 2014	89,800	10,290	67,698	81,420	(2,189,985)	(3,843)	–	(1,944,620)
Other comprehensive income/ (loss) for the financial year								
Share of other comprehensive income of an associate transferred to profit or loss	2,620	–	–	–	–	–	–	2,620
Foreign currency translation	508,269	3,209	21,416	23,461	–	–	–	556,355
Less: Non-controlling interests	(224,841)	(1,521)	(10,147)	(11,043)	–	–	–	(247,552)
	286,048	1,688	11,269	12,418	–	–	–	311,423
Transactions with owners								
Transfer to capital reserves	–	–	–	1,108	–	–	–	1,108
Transfer from retained profits	–	–	–	–	118,883	–	–	118,883
Cancellation of treasury shares by a subsidiary	1,907	219	1,459	1,598	–	–	–	5,183
	1,907	219	1,459	2,706	118,883	–	–	125,174
Reserve of disposal group classified as held for sale	1,081	–	–	–	–	–	(1,081)	–
At 30 June 2015	378,836	12,197	80,426	96,544	(2,071,102)	(3,843)	(1,081)	(1,508,023)

29. OTHER RESERVES (continued)

Company	Share option reserve RM'000 (a)	Capital redemption reserve RM'000	Total RM'000
At 1 July 2015 and 30 June 2016	**138**	**2,905,831**	**2,905,969**
At 1 July 2014 and 30 June 2015	138	2,905,831	2,905,969

(a) Share option reserve

The share option reserve represents the equity-settled share options granted to employees of the Group under the employee share option scheme of the Company and its subsidiary, PRGL, as set out in Note 30.

(b) Asset revaluation reserve

The asset revaluation reserve represents the fair value adjustments to the property, plant and equipment, investment properties and land use rights of Parkson Retail Development Co Ltd ("PRD") prior to the Group acquiring the remaining 44% equity interest in PRD in 2006.

(c) Capital reserves

The capital reserves are maintained by the Group's subsidiaries in the PRC in accordance with the regulations in that country and are not available for payment of dividend.

(d) Merger deficit

On 19 September 2007, the Group completed the acquisition of certain retail subsidiaries. The acquisition was satisfied by way of issuance of 3,799,730,000 new ordinary shares of RM1.00 each of the Company at an issue price of RM1.00 per share and RM500,000,000 nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value of RM1.00 each.

The difference between the fair value of the RCSLS of and shares in the Company issued as consideration and the nominal value of the shares acquired has been classified as merger deficit. The merger deficit was subsequently partially set off against capital redemption reserve of RM2,905,831,000 pursuant to a court approval dated 24 September 2007 granted to the Company. The RCSLS was fully converted in August 2010.

At each reporting date, the merger deficit will be reduced by transferring the Group's retained profits for the immediate preceding financial year after adjusting for proposed/declared dividend as at that date, in accordance with the Group's accounting policy disclosed in Note 2.5.

30. EMPLOYEE SHARE-BASED PAYMENT

(a) Employee share-based payment of the Company

The Executive Share Option Scheme ("ESOS") of the Company ("Parkson Holdings ESOS") became effective on 7 May 2008.

On 7 April 2010, a total of 5,373,500 share options were granted to 529 eligible employees at a subscription price of RM5.31 per share.

The main features of the Parkson Holdings ESOS are as follows:

(i) Executive directors and confirmed executive employees of the Group who have been employed on a continuous full time basis for a period of not less than six months on the date of offer shall be eligible to participate in the Parkson Holdings ESOS.

(ii) The aggregate number of options exercised and options offered and to be offered under the Parkson Holdings ESOS shall not exceed 15% of the issued and paid-up share capital of the Company at any one time during the duration of the Parkson Holdings ESOS subject to the following being complied with:

- not more than 50% of the shares available under the Parkson Holdings ESOS shall be allocated, in aggregate, to executive directors and senior management; and

- not more than 10% of the shares available under the Parkson Holdings ESOS shall be allocated to any eligible executive who, either singly or collectively through persons connected with him or her (as defined in paragraph 1.01 of the Bursa Malaysia Securities Berhad Main Market Listing Requirements), holds 20% or more of the issued and paid-up share capital of the Company.

(iii) No options shall be granted for less than 100 ordinary shares nor more than the maximum allowable allotment and each grant of options shall be in multiples of 100 ordinary shares.

(iv) The subscription price of each ordinary share under the Parkson Holdings ESOS shall be the weighted average market price of the shares for the five market days immediately preceding the date of offer on which the shares were traded with a discount of not more than 10%, or the par value of the shares, whichever is the higher.

(v) The Parkson Holdings ESOS shall continue to be in force for a period of five years and the Company may, if the Board deems fit upon the recommendation of the Option Committee, renew the Parkson Holdings ESOS for a further five years, without further approval of the relevant authorities or shareholders.

The persons to whom the options have been granted have no right to participate, by virtue of the options, in any share issue of any other company.

30. EMPLOYEE SHARE-BASED PAYMENT (continued)

(a) Employee share-based payment of the Company (continued)

The Company renewed the Parkson Holdings ESOS which expired on 6 May 2013 for a further period of five years from 7 May 2013 to 6 May 2018 to be implemented in accordance with the bylaws of the Parkson Holdings ESOS.

The following tables illustrate the number and weighted average exercise prices ("WAEP") of, and movements in, share options during the financial years:

2016	**Number of options**					
Grant date	**As at 1.7.2015**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2016**	**Exercisable 30.6.2016**
7 April 2010	**70,000**	**–**	**–**	**(70,000)**	**–**	**–**
WAEP (RM)	**5.31**	**–**	**–**	**5.31**	**–**	**–**

2015	**Number of options**					
Grant date	**As at 1.7.2014**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2015**	**Exercisable 30.6.2015**
7 April 2010	70,000	–	–	–	70,000	70,000
WAEP (RM)	5.31	–	–	–	5.31	5.31

(i) Share options exercised during the financial years

No option was exercised during the financial years ended 30 June 2016 and 30 June 2015.

The related average share price of the Company during the financial year was RM1.02 (2015: RM2.41) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated on the grant date using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of the options granted on 7 April 2010 was estimated on the grant date using the following assumptions:

Fair value of share options (RM)	1.97
Dividend yield (%)	2.00
Expected volatility (%)	45.00
Risk-free interest rate (%)	2.00
Expected life (years)	2.84
Share price (RM)	5.99

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of the fair value.

30. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary

The employee share option scheme ("ESOS Scheme") of PRGL became effective on 9 November 2005 and is valid and effective for a period of 10 years up to 8 November 2015, after which no further share options will be granted.

On 27 November 2012, a total of 34,171,500 share options were granted by PRGL to 642 eligible employees, including directors and a chief executive of PRGL at an exercise price of HK$6.24 per share pursuant to the ESOS Scheme. Total share options were vested on the grant date. Among the share options granted on 27 November 2012, the 17,085,750 share options granted are exercisable from 1 January 2013 to 31 December 2015 and were vested on 27 November 2012. The balance 17,085,750 share options granted will be exercisable from 1 January 2014 to 31 December 2016, and require an employee service period until 1 October 2013.

The salient features of the ESOS Scheme of PRGL are as follows:

(i) PRGL may from time to time grant options to Group employees, directors, suppliers, customers and shareholders of PRGL and non-controlling shareholders in the subsidiaries of PRGL, to subscribe for ordinary shares of PRGL. No consideration is payable upon acceptance of the option by the grantee.

(ii) The maximum number of unexercised share options currently permitted to be granted under the ESOS Scheme is an amount equivalent, upon their exercise, to 10% of the shares of PRGL on 9 November 2005. The maximum number of shares issuable under share options to each eligible participant in the ESOS Scheme within any 12-month period is limited to 1% of the shares of PRGL in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting. In addition, share options granted to substantial shareholders, independent non-executive directors, or any of their respective associates (including a discretionary trust whose discretionary objects include a substantial shareholder or an independent non-executive director or a company beneficially owned by any substantial shareholder or independent non-executive director of PRGL) in excess of 0.1% of the shares of PRGL in issue at any time or with an aggregate value in excess of HK$5,000,000 within any 12-month period, must be approved in advance by PRGL's shareholders in general meeting.

(iii) The exercise price is determined by the directors of PRGL, but must not be less than the highest of (a) the closing price of PRGL's shares on the date of offer of the share options; (b) the average closing price of PRGL's shares for the five trading days immediately preceding the date of offer; and (c) the nominal value of PRGL's share.

(iv) The options may be exercised at any time during a period commencing on or after the date to be notified to each grantee which period shall commence not less than 1 year and not to exceed 10 years from the date of grant of the relevant option.

30. EMPLOYEE SHARE-BASED PAYMENT (continued)

(b) Employee share-based payment of a subsidiary (continued)

The following tables illustrate the number and WAEP of, and movements in, share options during the financial years:

2016

	Number of options					
Grant date	**As at 1.7.2015**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2016**	**Exercisable 30.6.2016**
27 November 2012	**21,942,000**	**–**	**–**	**(12,576,500)**	**9,365,500**	**9,365,500**
WAEP (HK$)	**6.24**	**–**	**–**	**6.24**	**6.24**	**6.24**

2015

	Number of options					
Grant date	**As at 1.7.2014**	**Granted**	**Exercised**	**Lapsed**	**As at 30.6.2015**	**Exercisable 30.6.2015**
27 November 2012	29,822,500	–	–	(7,880,500)	21,942,000	21,942,000
WAEP (HK$)	6.24	–	–	6.24	6.24	6.24

(i) Share options exercised during the financial years

No option was exercised during the financial years ended 30 June 2016 and 30 June 2015.

The related average share price of PRGL during the financial year was HK$0.96 (2015: HK$2.01) per share.

(ii) Fair value of share options granted

The fair value of the options granted was estimated on the grant date using the Binomial option pricing model, taking into account the terms and conditions upon which the options were granted.

The fair value of the options granted on 27 November 2012 was estimated on the grant date using the following assumptions:

Fair value of share options (HK$)	1.45
Dividend yield (%)	3.54
Expected volatility (%)	39.01 - 45.40
Risk-free interest rate (%)	0.181 - 0.234
Expected life (years)	3.09 - 4.09
Share price (HK$)	6.24

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome. No other features of the options granted were incorporated into the measurement of the fair value.

31. LOANS AND BORROWINGS

	Group		Company	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Current				
Secured:				
Hire purchase liabilities (Note 32)	**211**	183	**23**	23
Term loans	**543**	626	**–**	–
Bank loans (i):				
US$ denominated	**135,492**	161,231	**–**	–
HK$ denominated	**305,740**	276,897	**–**	–
Unsecured:				
Revolving financing-i	**30,000**	–	**30,000**	–
Bank overdrafts	**52,525**	38,413	**48,260**	34,577
Short term loans and borrowings	**524,511**	477,350	**78,283**	34,600
Non-current				
Secured:				
Hire purchase liabilities (Note 32)	**634**	639	**–**	23
Term loans	**1,502**	2,203	**–**	–
Bank loans (i):				
US$ denominated	**45,164**	41,460	**–**	–
Bonds (ii)	**1,943,840**	1,829,682	**–**	–
Unsecured:				
Term loans	**60,277**	–	**60,277**	–
Long term loans and borrowings	**2,051,417**	1,873,984	**60,277**	23
Total loans and borrowings	**2,575,928**	2,351,334	**138,560**	34,623
Total loans and borrowings				
Hire purchase liabilities (Note 32)	**845**	822	**23**	46
Other loans and borrowings:				
Term loans	**62,322**	2,829	**60,277**	–
Bank loans (i)	**486,396**	479,588	**–**	–
Bonds (ii)	**1,943,840**	1,829,682	**–**	–
Revolving financing-i	**30,000**	–	**30,000**	–
Bank overdrafts	**52,525**	38,413	**48,260**	34,577
	2,575,928	2,351,334	**138,560**	34,623
Maturity of loans and borrowings (excluding hire purchase liabilities):				
Within one year	**524,300**	477,167	**78,260**	34,577
More than one year and less than two years	**1,990,506**	41,460	**–**	–
More than two years and less than five years	**60,277**	1,831,885	**60,277**	–
	2,575,083	2,350,512	**138,537**	34,577

31. LOANS AND BORROWINGS (continued)

The weighted average effective interest rates at the reporting date for loans and borrowings (other than hire purchase liabilities) are as follows:

	Group	
	2016	**2015**
	%	**%**
Term loans	**8.6**	8.6
Bank loans	**2.3**	2.1
Revolving financing-i	**4.6**	–
Bank overdrafts	**6.7**	6.9
Bonds	**4.5**	4.8

(i) The bank loans are secured by the Group's deposits with banks amounting to RM510,352,000 (2015: RM514,942,000) as at 30 June 2016. Bank loans denominated in US$ bear floating interest rates ranging from 1.7% to 2.5% per annum (2015: 1.0% to 2.0% per annum) over London Interbank Offered Rate. Bank loans denominated in HK$ bear floating interest rates ranging from 1.3% to 1.6% per annum (2015: 0.8% to 2.5% per annum) over Hang Seng Interbank Offered Rate.

(ii) On 3 May 2013, PRGL issued the 4.5% bonds due 2018 ("Bonds") with an aggregate principal amount of US$500,000,000 which are listed on The Stock Exchange of Hong Kong Limited. The net proceeds excluding direct transaction costs were US$494,300,000 (equivalent to RM1,858,757,000). PRGL repurchased Bonds of US$13,500,000 during the financial year, and the balance as at 30 June 2016 was US$484,251,000 (equivalent to RM1,943,840,000).

The Bonds bear a fixed coupon at 4.5% per annum, payable semi-annually in arrears on 3 May and 3 November of each year and commencing on 3 November 2013. The maturity date of the Bonds is 3 May 2018 and they contain a negative pledge provision for PRGL Group.

32. HIRE PURCHASE LIABILITIES

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Minimum lease payments:				
Not later than one year	**251**	212	**24**	24
Later than one year and not later than two years	**227**	202	**–**	24
Later than two years and not later than five years	**486**	507	**–**	–
	964	921	**24**	48
Less: Future finance charges	**(119)**	(99)	**(1)**	(2)
	845	822	**23**	46
Present value of finance lease liabilities:				
Not later than one year	**211**	183	**23**	23
Later than one year and not later than two years	**199**	175	**–**	23
Later than two years and not later than five years	**435**	464	**–**	–
	845	822	**23**	46
Representing:				
Current (Note 31)	**211**	183	**23**	23
Non-current (Note 31)	**634**	639	**–**	23
	845	822	**23**	46

Hire purchase liabilities are effectively secured as the rights to the hired assets revert to the hirers in the event of default.

The contractual interest rates and weighted average effective interest rate as at 30 June are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	%	**%**	**%**	**%**
Contractual interest rates	**2.4 - 5.0**	2.5 - 2.7	**2.5**	2.5
Weighted average effective interest rate	**5.5**	5.0	**4.8**	4.8

33. LONG TERM PAYABLES

	Group	
	2016	2015
	RM'000	**RM'000**
Rental deposits (i)	**531,424**	485,315
Deferred lease income (ii)	**37,582**	39,065
Defined benefit obligation (iii)	**2,078**	1,216
Provisions (iv)	**9,008**	–
Accrued rental expenses	**58,045**	43,762
Others	**352**	317
	638,489	569,675

(i) Non-current rental deposits have maturity ranging from 2 to 15 years (2015: 2 to 15 years). The rental deposits are initially recognised at their fair values. The difference between fair value and the nominal deposit amount is recorded as deferred lease income.

(ii) Deferred lease income represents the difference between fair value of non-current rental deposits recognised on initial recognition and the nominal deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 15 years (2015: 2 to 15 years).

The movement in deferred lease income is as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
At 1 July	**39,286**	15,820
Additions during the financial year	**370**	28,107
Refunds during the financial year	**–**	(4,269)
Recognised in profit or loss (Note 8(a))	**(1,921)**	(2,019)
Exchange differences	**273**	1,647
At 30 June	**38,008**	39,286
Less: Current portion of deferred lease income (Note 34)	**(426)**	(221)
	37,582	39,065

33. LONG TERM PAYABLES (continued)

(iii) The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2016 are as follows:

Annual discount rate	: 8% (2015: 8.74%)
Future annual salary increment	: 8% (2015: 8%)
Retirement age	: 55 years of age (2015: 55 years of age)

The following table summarises the components of employee benefits expense recognised in profit or loss:

	Group	
	2016 RM'000	**2015 RM'000**
Current service cost	**381**	243
Interest cost on benefit obligations	**131**	90
Expected return on assets	**(18)**	(16)
Employee benefits expense (Note 6)	**494**	317

The estimated liabilities for employee benefits at the reporting date are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Defined benefit obligation	**2,278**	1,415
Fair value of planned assets	**(200)**	(199)
Liabilities at 30 June	**2,078**	1,216

Changes in the present value of the defined benefit obligation are as follows:

	Group	
	2016 RM'000	**2015 RM'000**
Benefit obligation at 1 July	**1,216**	812
Provision during the financial year	**494**	317
Remeasurement recognised in other comprehensive income	**273**	–
Exchange differences	**95**	87
Benefit obligation at 30 June	**2,078**	1,216

(iv) Provisions represent estimated cost of restoring leased space used in the principal activities of the Group. Provisions made are capitalised as part of the carrying amount of the Group's property, plant and equipment.

34. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES

	Group 2016 RM'000	Group 2015 RM'000	Company 2016 RM'000	Company 2015 RM'000
Current				
Trade and other payables:				
Trade payables (i)	**1,204,873**	1,155,016	**–**	–
Other payables (ii)	**147,603**	139,040	**8**	11
Amounts due to related parties (iii)	**584**	146	**–**	119
Deposits	**128,531**	119,974	**–**	–
Accruals	**141,746**	166,901	**1,916**	1,179
Accrued rental expenses	**4,932**	2,165	**–**	–
Capital gains tax payable	**–**	14,691	**–**	–
Deferred lease income (Note 33)	**426**	221	**–**	–
Share dividend payable (Note 10)	**–**	138,959	**–**	138,959
	1,628,695	1,737,113	**1,924**	140,268
Other liabilities:				
Provisions (iv)	**–**	84,630	**–**	–
Deferred revenue from gift cards/vouchers sold	**462,450**	523,369	**–**	–
Deferred revenue from customer loyalty award (v)	**41,528**	52,800	**–**	–
	503,978	660,799	**–**	–
	2,132,673	2,397,912	**1,924**	140,268
Total trade and other payables (as above)	**1,628,695**	1,737,113	**1,924**	140,268
Add:				
Rental deposits (Note 33)	**531,424**	485,315	**–**	–
Loans and borrowings (Note 31)	**2,575,928**	2,351,334	**138,560**	34,623
Less:				
Deferred lease income	**(426)**	(221)	**–**	–
Total financial liabilities carried at amortised cost	**4,735,621**	4,573,541	**140,484**	174,891

34. TRADE AND OTHER PAYABLES AND OTHER LIABILITIES (continued)

(i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (2015: 30 to 90 days).

(ii) These amounts are non-interest bearing. Other payables are normally settled on average terms of 30 to 90 days (2015: average terms of 30 to 90 days).

(iii) The amounts due to related parties are unsecured, interest free and repayable on demand.

The relationship of the related party with the Group and the Company are further disclosed in Note 35.

(iv) In the previous financial year, the China International Economic and Trade Arbitration Commission (the "Arbitration Commission") had issued an arbitral award dated 25 March 2015 made in favour of the landlord of part of the premises situated at Metro City Shopping Plaza ("Metro City"), which is an independent third party (the "Beijing Metro City Landlord") and ordered Parkson Retail Development Co Ltd ("PRD") (the "Tenant"), a wholly-owned subsidiary of PRGL to, among other things, pay to the Beijing Metro City Landlord fees of Rmb49,370,380 (equivalent to approximately RM29,760,000) for the occupation of the Metro City after the termination of a tenancy agreement, rental of Rmb89,923,270 (equivalent to approximately RM54,206,000) (being the difference between the amount of rental which the Tenant had already paid and the amount of rental which the Arbitration Commission had determined to be payable by the Tenant) and an arbitration fee of Rmb1,101,865 (equivalent to approximately RM664,000). These amounts were fully settled during the financial year.

	Group 2015 RM'000
At 1 July	–
Recognised in profit or loss	79,338
Exchange differences	5,292
At 30 June	84,630

(v) A reconciliation of the deferred revenue from customer loyalty award is as follows:

	Group	
	2016 RM'000	**2015 RM'000**
At 1 July	**52,800**	50,088
Additions during the financial year	**48,003**	25,039
Recognised as revenue	**(48,112)**	(19,242)
Lapsed amounts reversed	**(11,618)**	(10,383)
Exchange differences	**455**	7,298
At 30 June	**41,528**	52,800

The deferred revenue from customer loyalty award is estimated based on the amount of bonus points outstanding at the reporting date that are expected to be redeemed before expiry.

Other information on financial risks of trade and other payables are disclosed in Note 40.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	Relationship
Bonuskad Loyalty Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Posim EMS Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Steelworks Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Trading & Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Secom (Malaysia) Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
WatchMart (M) Sdn Bhd	A company in which a close member of a director of a subsidiary is a shareholder
PT Monica Hijaulestari	A company in which the close members of a director of a subsidiary are shareholders
Brands Pro Management Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Reek (M) Sdn Bhd ("Reek")	A director of Reek is also the director of a subsidiary
Valino International Apparel Sdn Bhd	A joint venture of the Group
Watatime (M) Sdn Bhd	A joint venture of the Group
Total Triumph Investments Limited	A company in which a Director and certain substantial shareholders of the Company have interests
PT Tozy Bintang Sentosa	A subsidiary of PT Mitra Samaya, a company which the close members of a director of a subsidiary are shareholders
Visionwell Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Ayer Keroh Resort Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Insurance Company Limited	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Group Management Services Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests

35. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties were entered into during the financial years:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Purchases of goods and services from:		
- Bonuskad Loyalty Sdn Bhd	**9,794**	10,482
- Posim Marketing Sdn Bhd	**2,142**	1,573
- Posim EMS Sdn Bhd	**2,615**	2,758
- Lion Steelworks Sdn Bhd	**1,148**	–
- Lion Trading & Marketing Sdn Bhd	**9**	792
- Secom (Malaysia) Sdn Bhd	**1,462**	702
- WatchMart (M) Sdn Bhd	**271**	356
- PT Monica Hijaulestari	**12,373**	12,696
- Brands Pro Management Sdn Bhd	**723**	525
- Reek	**362**	1,378
- Valino International Apparel Sdn Bhd	**7,351**	4,143
- Watatime (M) Sdn Bhd	**3,579**	–
- Lion Group Management Services Sdn Bhd	**4,315**	–
Interest income from:		
- Watatime (M) Sdn Bhd (Note 7)	**700**	532
- Total Triumph Investments Limited (Note 7)	**187**	531
Rental of office and/or warehouse space from:		
- PT Tozy Bintang Sentosa	**949**	647
- Visionwell Sdn Bhd	**739**	738
Acquisitions from Ayer Keroh Resort Sdn Bhd:		
- 100% equity interest and redeemable convertible cumulative preference shares in Dimensi Andaman Sdn Bhd	**–**	53,720
- Land	**–**	39,240

	Company	
	2016	**2015**
	RM'000	**RM'000**
Interest income from:		
- Corporate Code Sdn Bhd, a subsidiary (Note 7)	**700**	532
- Parkson Credit Sdn Bhd, a subsidiary (Note 7)	**2,989**	–
- Total Triumph Investments Limited (Note 7)	**187**	531

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2016 are disclosed in Note 21, Note 25 and Note 34.

35. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of Directors and other members of key management during the financial years are as follows:

	Group		Company	
	2016	**2015**	**2016**	**2015**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Short-term employee benefits	**6,105**	3,711	**242**	232
Post-employment benefits				
- Defined contribution plan	**401**	263	**14**	14
	6,506	3,974	**256**	246

(c) Others

Pursuant to PRGL's listing on The Stock Exchange of Hong Kong Limited in the prior years, the Company granted PRGL an option/right of first refusal to acquire certain of its Parkson branded department stores located in the PRC.

PRGL can exercise the option without time limit and the purchase consideration shall be negotiated on an arm's length basis between the Company and PRGL at the time of acquisition.

36. COMMITMENTS

(a) Capital commitments

Capital expenditure at the reporting date is as follows:

	Group	
	2016	**2015**
	RM'000	**RM'000**
Approved and contracted for:		
Property, plant and equipment	**595,885**	645,635

36. COMMITMENTS (continued)

(b) Non-cancellable operating lease commitments

	Group 2016 RM'000	Group 2015 RM'000
As lessee		
Future minimum rentals payable:		
Not later than one year	**906,937**	897,305
Later than one year and not later than five years	**3,064,667**	3,219,686
Later than five years	**5,036,180**	5,778,719
	9,007,784	9,895,710

The Group leases certain of its properties and equipment under operating lease arrangements. These leases have remaining non-cancellable lease terms ranging from 1 to 22 years (2015: 1 to 22 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

A lease that is cancellable only upon the occurrence of some remote contingency is a non-cancellable operating lease as defined under the MFRSs. Pursuant to the relevant lease agreements, the Group is entitled to terminate the underlying lease agreement if the attributable retail store business has incurred losses in excess of a prescribed amount or such retail store will not be in a position to continue its business because of the losses.

In addition to the above, the annual contingent rental amount is chargeable on a percentage of the respective stores' turnover or profits, where appropriate, as stated in the relevant lease agreements. The amount of contingent rental charged is disclosed in Note 8(a).

	Group 2016 RM'000	Group 2015 RM'000
As lessor		
Future minimum rentals receivable:		
Not later than one year	**195,945**	126,701
Later than one year and not later than five years	**479,241**	235,190
Later than five years	**435,799**	164,953
	1,110,985	526,844

The Group leases certain of its properties under operating leases. These leases have remaining non-cancellable lease terms ranging from 1 to 12 years (2015: 1 to 12 years) with terms of renewal included in the contracts.

37. SIGNIFICANT EVENTS

(a) On 15 July 2015, the Company, East Crest International Limited ("East Crest"), a wholly-owned subsidiary of the Company, Parkson Retail Group Limited ("PRGL"), a then 53.1% owned subsidiary of the Company, and Oroleon (Hong Kong) Limited ("Oroleon"), a wholly-owned subsidiary of PRGL, entered into a conditional sale and purchase agreement for the proposed disposal of 457,933,300 ordinary shares in Parkson Retail Asia Limited ("PRA"), a company whose shares are listed and quoted on the Main Board of the Singapore Exchange Securities Trading Limited, representing approximately 67.6% of the then total issued share capital of PRA ("Sale Shares") held by East Crest to Oroleon, for a cash consideration of SGD228,508,717 (equivalent to approximately RM641,424,000) or SGD0.499 per Sale Share ("Proposed Internal Reorganisation").

On 17 August 2015, the Company proposed to utilise part of the proceeds arising from the Proposed Internal Reorganisation for a distribution of RM0.10 for each existing ordinary share of RM1.00 in the Company in cash to all entitled shareholders of the Company, by way of a proposed capital repayment via a reduction of the share premium account of the Company ("Proposed Distribution").

The ordinary resolution for the approval of the proposed acquisition by PRGL of the Sale Shares from East Crest ("Proposed Acquisition by PRGL") was voted on by way of poll and was not passed by the independent shareholders of PRGL at its extraordinary general meeting held on 12 October 2015 ("EGM").

Accordingly, the Proposed Internal Reorganisation did not proceed as it was conditional upon, amongst others, the passing by PRGL's independent shareholders at the EGM of all resolutions required under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, which was not waiveable by Oroleon.

The Proposed Distribution also did not proceed as it was conditional upon the completion of the Proposed Internal Reorganisation.

(b) In light of the implementation of the Management Rules on the Land Use Right of the Underground State-owned Land of the State-owned Land Resources and Housing Management Authority of Qingdao, Qingdao Lion Plaza Retail Management Co Ltd ("Qingdao Lion"), a wholly-owned subsidiary of PRGL, had on 25 February 2016 entered into a supplemental agreement with Shanghai Industrial Qingdao Development Co Ltd (the "Vendor") to provide for, among other things, Qingdao Lion's acquisition of the title to the commercial portion of the first basement floor of the Qingdao Shopping Mall which is for commercial use, and the payment of the land premium and relevant taxes, duties and surcharges in the amount of Rmb112,344,623 (equivalent to approximately RM68,013,000).

38. SUBSEQUENT EVENT

On 13 September 2016, PRGL and Parkson Retail Development Co Ltd ("PRD"), a wholly-owned subsidiary of PRGL, entered into (i) an equity transfer framework agreement ("EFA") with third parties ("Purchasers") and the ultimate parent company of the Purchasers ("Purchasers Parent") in relation to the transfer of the entire equity interests of Beijing Huadesheng Property Management Co Ltd ("Disposal Company"), a wholly-owned subsidiary of PRGL ("Sale Equity"); and (ii) a loan transfer framework agreement ("LFA") with one of the purchasers ("Purchaser A"), the Purchasers Parent and the Disposal Company in relation to the transfer of the shareholder's loan and other monies in the aggregate amount of Rmb649,741,102 (equivalent to approximately RM388,510,000) as at 31 July 2016 owed or otherwise payable by the Disposal Company to PRD and its related parties after deduction of the monies payable by PRD to the Disposal Company ("Sale Loan").

Pursuant to the EFA, PRD agreed to sell, and the Purchasers agreed to purchase the Sale Equity at the total consideration which comprises (i) a fixed amount of Rmb1,670,258,898 (equivalent to approximately RM1,011,175,000); (ii) the aggregate amount of the cash and the bank balance as shown in the accounts of the Disposal Company as at the completion date; and (iii) an amount equivalent to the advanced rental taxes (or any part thereof) refunded by the PRC governmental authorities to the Disposal Company pursuant to the tax refund application after the issuance date, if any, upon the terms and conditions of the EFA.

Pursuant to the LFA which was entered into concurrently with the signing of the EFA, Purchaser A agreed to acquire the Sale Loan from PRD at a consideration of Rmb649,741,102 (equivalent to approximately RM388,510,000) upon the terms and conditions of the LFA.

Completions of the EFA and LFA are subject to the fulfilment (or waiver, if applicable) of the conditions precedent for completions of the EFA and LFA respectively on or before 60th calendar day from the first calendar day immediately after the date of signing of the proposed formal agreement in relation to the transfer of the Sale Equity.

39. FAIR VALUE

(a) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets:

	Significant unobservable inputs (Level 3) 2016 RM'000	2015 RM'000
Derivatives (Note 23):		
Option to purchase additional shares in:		
Kiara Innovasi	**52**	52
Investment properties (Note 13):		
Completed investment properties	**59,436**	59,180
IPUC	**190,990**	199,033
	250,478	258,265

There has been no transfer between Levels 1, 2 and 3 for the financial year under review.

Fair value of derivatives is determined using a valuation technique based on probability of the Group exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

Fair value of investment properties is determined using a direct comparison method based on comparable transactions of the investment properties, as disclosed in Note 13.

(b) Financial instruments

(i) The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

	Note
Trade and other receivables	25
Trade and other payables	34

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short term nature.

39. FAIR VALUE (continued)

(b) Financial instruments (continued)

(ii) The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(aa) Financial instruments classified as current

The fair values of the Group's and of the Company's financial instruments, other than amounts due from/to subsidiaries/related parties, which are classified as current approximate to their carrying amounts due to the relatively short term maturity of these financial instruments.

(bb) Long term loans and borrowings

The fair values of long term loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(cc) Deposit receivables/payables

The fair values of rental deposit receivables/payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(iii) The fair values of the Group's and of the Company's financial assets and liabilities approximate to their carrying amounts except for the following:

	Group		**Company**	
	Carrying amount RM'000	**Fair value RM'000**	**Carrying amount RM'000**	**Fair value RM'000**
Financial assets/(liabilities)				
At 30 June 2016				
Unquoted shares (Note 22)	**18,945**	**^a**	**–**	**–**
Amounts due from subsidiaries (Note 21)	**–**	**–**	**948,342**	**^b**
Amounts due to subsidiaries	**–**	**–**	**(3,975)**	**^b**
At 30 June 2015				
Unquoted shares (Note 22)	30,245	^a	–	–
Amounts due from subsidiaries (Note 21)	–	–	2,111,089	^b
Amounts due to subsidiaries	–	–	(131,123)	^b

^a It is not practical to estimate the fair values of the non-current unquoted shares because of the lack of quoted market prices and the inability to estimate fair value without incurring excessive costs.

^b It is not practical to determine the fair values of the amounts due from/(to) subsidiaries in view of the uncertainty as to the timing of future cash flows.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include deposits and other receivables, trade receivables, cash and bank balances that derive directly from its operations.

The Group is exposed to interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Group reviews and agrees policies for managing each of these risks, which are summarised below.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings. At the reporting date, 78% (2015: 78%) of the Group's borrowings are at fixed rates of interest.

<u>Interest rate sensitivity</u>

A reasonably possible change of 100 basis point in interest rate, arising mainly from the lower/higher interest on bank loans, with all other variables held constant, the Group's profit or loss for the year would have been RM6,977,000 (2015: RM4,420,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. As these transactions are mainly denominated in United States Dollar ("US$"), Hong Kong Dollar ("HK$") and Singapore Dollar ("SGD"), the Group's foreign currency risk is primarily due to exposure to the US$, HK$ and SGD. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

In addition to the disclosure detailed elsewhere in the financial statements, the net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

Functional currency	US$ RM'000	Net financial assets held in HK$ RM'000	SGD RM'000	Total RM'000
Deposits, cash and bank balances				
At 30 June 2016				
Ringgit Malaysia	**1,367**	**549**	**2,450**	**4,366**
Chinese Renminbi	**53,837**	**53,305**	**2,190**	**109,332**
Hong Kong Dollar	**391**	**–**	**–**	**391**
Vietnamese Dong	**3,229**	**–**	**–**	**3,229**
Burmese Kyat	**2,815**	**–**	**–**	**2,815**
	61,639	**53,854**	**4,640**	**120,133**
At 30 June 2015				
Ringgit Malaysia	20,521	1,148	1,356	23,025
Chinese Renminbi	12,856	54,242	2,306	69,404
Hong Kong Dollar	2,665	–	–	2,665
Vietnamese Dong	4,401	–	–	4,401
Burmese Kyat	3,479	–	–	3,479
	43,922	55,390	3,662	102,974

Foreign currency sensitivity

A reasonably possible change of 3% in the US$, HK$ and SGD exchange rates against the functional currency of the Group, with all other variables held constant, would have no material impact on the Group's profit or loss.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.

<u>Analysis of financial instruments by remaining contractual maturities</u>

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Group				
2016				
Trade and other payables	**1,628,269**	**–**	**–**	**1,628,269**
Loans and borrowings:				
Bank overdrafts	**52,525**	**–**	**–**	**52,525**
Revolving financing-i	**30,000**	**–**	**–**	**30,000**
Hire purchase liabilities	**251**	**713**	**–**	**964**
Term loans	**543**	**61,779**	**–**	**62,322**
Bank loans	**441,232**	**45,164**	**–**	**486,396**
Bonds	**87,888**	**2,026,991**	**–**	**2,114,879**
Long term payables:				
Rental deposits	**–**	**568,496**	**510**	**569,006**
Total undiscounted financial liabilities	**2,240,708**	**2,703,143**	**510**	**4,944,361**
2015				
Trade and other payables	1,736,892	–	–	1,736,892
Loans and borrowings:				
Bank overdrafts	38,413	–	–	38,413
Hire purchase liabilities	212	709	–	921
Term loans	626	2,203	–	2,829
Bank loans	438,128	41,460	–	479,588
Bonds	84,915	2,056,830	–	2,141,745
Long term payables:				
Rental deposits	–	523,874	506	524,380
Total undiscounted financial liabilities	2,299,186	2,625,076	506	4,924,768

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk (continued)

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities: (continued)				
Company				
2016				
Trade and other payables	**1,924**	**–**	**–**	**1,924**
Loans and borrowings:				
Bank overdrafts	**48,260**	**–**	**–**	**48,260**
Revolving financing-i	**30,000**	**–**	**–**	**30,000**
Hire purchase liabilities	**24**	**–**	**–**	**24**
Term loans	**–**	**60,277**	**–**	**60,277**
Total undiscounted financial liabilities	**80,208**	**60,277**	**–**	**140,485**
2015				
Trade and other payables	140,268	–	–	140,268
Loans and borrowings:				
Bank overdrafts	34,577	–	–	34,577
Hire purchase liabilities	24	24	–	48
Total undiscounted financial liabilities	174,869	24	–	174,893

(d) Credit risk

Credit risk is the risk of loss that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Group and the Company are exposed to credit risk from their operating activities primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's and the Company's management reporting procedures.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 25.

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk (continued)

Credit risk concentration profile

The Group and the Company determine concentrations of credit risk by monitoring individual profile of their trade receivables on an ongoing basis. At the reporting date, the Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument, except that the Company has an amount due from East Crest International Limited, a wholly-owned subsidiary of the Company, which amounted to RM822,058,000 (2015: RM2,085,062,000), represents 86% (2015: 98%) of the Company's receivables.

Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 25. Deposits with banks and other financial institutions are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 25.

41. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

(i) Retailing - Operation and management of retail stores in Malaysia, PRC, Vietnam, Myanmar and Indonesia.

(ii) Property and others - Operation of food and beverage businesses, credit services, theme park, education and nursery centres, and investment holding.

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

41. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows:

	Retailing Malaysia RM'000	PRC RM'000	Vietnam and Myanmar RM'000	Indonesia RM'000	Property and others RM'000	Elimination RM'000	Total RM'000
30 June 2016							
Revenue:							
External customers	**885,409**	**2,633,671**	**108,427**	**180,713**	**75,862**	**–**	**3,884,082**
Inter-segment	**1,595**	**–**	**–**	**–**	**–**	**(1,595)**	**–**
Total revenue	**887,004**	**2,633,671**	**108,427**	**180,713**	**75,862**	**(1,595)**	**3,884,082**
Results:							
Segment profit/(loss)	**36,142**	**(90,652)**	**(8,725)**	**(14,375)**	**(27,818)**	**–**	**(105,428)**
Finance income							**77,961**
Finance costs							**(116,429)**
Share of results of associates							**(10,209)**
Share of results of joint ventures							**7,485**
Gain on dilution of interest in a subsidiary							**139,221**
Impairment loss on:							
- Property, plant and equipment							**(16,515)**
- An investment property							**(3,043)**
- Goodwill							**(26,915)**
- Deposits, prepayments, amounts due from an associate and managed stores							**(35,846)**
Loss before tax							**(89,718)**
Total assets	**754,747**	**7,676,195**	**147,229**	**227,276**	**657,449**	**–**	**9,462,896**
Total liabilities	**510,988**	**4,642,883**	**58,968**	**83,180**	**240,873**	**–**	**5,536,892**
Capital expenditure	**172,256**	**1,123,293**	**3,185**	**53,675**	**33,311**	**–**	**1,385,720**

41. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows: (continued)

	Retailing Malaysia RM'000	PRC RM'000	Vietnam and Myanmar RM'000	Indonesia RM'000	Property and others RM'000	Elimination RM'000	Total RM'000
30 June 2015							
Revenue:							
External customers	861,894	2,495,918	124,236	156,809	100,322	–	3,739,179
Inter-segment	–	–	–	–	3,123	(3,123)	–
Total revenue	861,894	2,495,918	124,236	156,809	103,445	(3,123)	3,739,179
Results:							
Segment profit/(loss)	89,763	127,964	(17,345)	(10,202)	2,252	–	192,432
Finance income							106,408
Finance costs							(92,958)
Share of results of associates							156
Share of results of joint ventures							12,625
Gain on disposal of non-current assets held for sale, net of RPGT							110,672
Provision for contingent expenses							(170,813)
Provision for arbitral award in respect of tenancy agreement							(79,338)
Impairment loss on:							
- Goodwill							(1,100)
- Deposits							(21,668)
Profit before tax							56,416
Total assets	726,568	8,202,692	179,017	179,703	535,365	–	9,823,345
Total liabilities	389,786	4,713,298	250,041	53,782	264,230	–	5,671,137
Capital expenditure	66,551	237,474	5,499	22,251	77,359	–	409,134

42. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains the Group's stability and growth in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration of changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. No changes were made in the objective, policies or processes during the financial years ended 30 June 2016 and 30 June 2015.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, trade and other payables and other liabilities, long term payables, loans and borrowings, less deposits, cash and bank balances and current investment securities. Capital represents total equity of the Group.

	Group	
	2016	**2015**
	RM'000	**RM'000**
Trade and other payables and other liabilities (Note 34)	**2,132,673**	2,397,912
Long term payables (Note 33)	**638,489**	569,675
Loans and borrowings (Note 31)	**2,575,928**	2,351,334
Less: Deposits, cash and bank balances (Note 26)	**(1,904,651)**	(2,785,599)
Investment securities - current (Note 22)	**(28,586)**	(33,243)
Net debt (A)	**3,413,853**	2,500,079
Total equity, representing total capital	**3,926,004**	4,152,208
Capital and net debt (B)	**7,339,857**	6,652,287
Gearing ratio (A/B)	**47%**	38%

43. COMPARATIVE

Certain comparatives have been reclassified to conform with current financial year's presentation.

44. SUPPLEMENTARY INFORMATION

The breakdown of the retained profits/accumulated losses of the Group and of the Company as at 30 June 2016 and 30 June 2015 into realised and unrealised profits/losses is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, *Determination of Realised and Unrealised Profits or Losses in the Context of Disclosures Pursuant to Bursa Malaysia Securities Berhad Listing Requirements*, as issued by the Malaysian Institute of Accountants and the directive of Bursa Malaysia Securities Berhad.

	Group		**Company**	
	2016 RM'000	**2015 RM'000**	**2016 RM'000**	**2015 RM'000**
Total (accumulated losses)/ retained profits				
- realised	**(203,008)**	(79,204)	**(6,222,154)**	(5,115,917)
- unrealised	**55,990**	39,820	**2,903**	–
Total share of (accumulated losses)/ retained profits from associates				
- realised	**(6,742)**	52	**–**	–
- unrealised	**1,173**	–	**–**	–
Total share of (accumulated losses)/ retained profits from joint ventures				
- realised	**(1,622)**	1,574	**–**	–
- unrealised	**223**	577	**–**	–
Total accumulated losses	**(153,986)**	(37,181)	**(6,219,251)**	(5,115,917)

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2016

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM Million)	Date of Acquisition/ Last Revaluation
1.	44-60, Zhongshan Road Shinan District, Qingdao, Shandong Province, China	Leasehold 3.4.2045	76,013.2 sq metres	Commercial building	Shopping complex and office (16)	118.0	June 2004
2.	127, Renming Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (20)	29.3	June 2004
3.	239, Dongda Street Xi'an, China	Leasehold 1.5.2040	17,755.4 sq metres	Commercial building	Shopping complex (19)	20.4	June 2004
4.	37, Financial Street Xicheng District Beijing, China	Leasehold 30.10.2047	60,888.6 sq metres	Commercial building	Shopping complex and office (22)	437.1	July 2006
5.	88, Er Dao Street Tie Dong District Anshan City Liaoning Province, China	Leasehold 11.5.2040	42,574.0 sq metres	Commercial building	Shopping complex (29)	187.0	January 2008
6.	New Urban Area Nga Nam Catbi Airport Ngo Quyen District Hai Phong City, Vietnam	Leasehold 4.11.2075	23,000.0 sq metres	Commercial building	Shopping complex (10)	60.2	June 2009
7.	Block 1, No. 12 Qi Sheng Middle Road Chaoyang District Beijing, China	Leasehold 30.8.2044	62,681.0 sq metres	Commercial building	Shopping complex and office (6)	594.8	December 2009
8.	The Northeast Corner of Nanmenwai Street and Shenyi Street Heping District Tianjin, China	Leasehold 10.7.2052	61,426.2 sq metres	Commercial building	Shopping complex under construction	448.8	March 2013
9.	Kawasan Bandar XLII Daerah Melaka Tengah Melaka						
	- Lot No. PT 842, HS(D) 72191	Leasehold 28.11.2111	23.2 acres	Land	For mixed development	151.8	December 2012, January 2015
	- Lot No. PT 845, HS(D) 80216	Leasehold 25.5.2113	6 acres	Land	For mixed development	39.2	January 2015
10.	CBD Sektor VII Bintaro Jaya B.07 Blok D No. 5 Pondok Jaya, Pondok Aren Tangerang Selatan, Banten Indonesia	Leasehold 18.12.2020 and 20.10.2028	2,981 sq metres	Land	Retail space and office under construction	39.4	March 2015
11.	No. 195, Hong Kong East Road Laoshan District, Qingdao Shandong, China	Leasehold 5.12.2050	228,622.0 sq metres	Commercial building	Shopping complex (1)	987.1	December 2015

ANALYSIS OF SHAREHOLDINGS

Share Capital as at 30 September 2016

Authorised Capital	:	RM4,500,000,000
Issued and Paid-up Capital	:	RM1,093,902,050
Class of Shares	:	Ordinary shares of RM1.00 each
Voting Rights	:	One (1) vote per ordinary share

Distribution of Shareholdings as at 30 September 2016

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares [(a)]
Less than 100	2,201	16.12	67,013	0.01
100 to 1,000	1,897	13.89	786,517	0.07
1,001 to 10,000	6,764	49.54	24,132,593	2.23
10,001 to 100,000	2,439	17.86	63,594,390	5.89
100,001 to less than 5% of issued shares	349	2.56	626,613,269	57.98
5% and above of issued shares	4	0.03	365,476,388	33.82
	13,654	100.00	1,080,670,170	100.00

Substantial Shareholders as at 30 September 2016

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shares [(b)]	Indirect Interest No. of Shares	Indirect Interest % of Shares [(b)]
1. Tan Sri William H.J. Cheng	297,853,526	27.56	347,872,796	32.19
2. Tan Sri Cheng Yong Kim	7,170,986	0.66	322,747,673	29.87
3. Dynamic Horizon Holdings Limited	–	–	315,741,147	29.22
4. Lion Industries Corporation Berhad	70,617,853	6.53	245,123,294	22.68
5. Lion Forest Industries Berhad	56,000,000	5.18	–	–
6. LLB Steel Industries Sdn Bhd	–	–	233,693,845	21.63
7. Steelcorp Sdn Bhd	–	–	233,693,845	21.63
8. Amsteel Mills Sdn Bhd	177,559,617	16.43	56,134,228	5.19
9. Lembaga Tabung Haji	105,458,219	9.76	–	–

Notes:

(a) *Excluding a total of 13,231,880 shares in the Company bought back by the Company and retained as treasury shares according to the Record of Depositors as at 30 September 2016.*

(b) *Excluding a total of 13,281,880 shares in the Company bought back by the Company and retained as treasury shares as at 30 September 2016.*

Thirty Largest Registered Shareholders as at 30 September 2016

Registered Shareholders		No. of Shares	% of Shares [(a)]
1.	AMSEC Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Cheng Heng Jem	142,887,730	13.22
2.	Lembaga Tabung Haji	103,763,219	9.60
3.	Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	61,652,196	5.71
4.	HSBC Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (105-710073)	57,173,243	5.29
5.	Amsteel Mills Sdn Bhd	45,084,780	4.17
6.	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Amsteel Mills Sdn Bhd	40,902,750	3.78
7.	Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	38,816,798	3.59
8.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd - 1	34,689,636	3.21
9.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd - 2	34,243,212	3.17
10.	RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Lion Industries Corporation Berhad	29,631,353	2.74
11.	RHB Nominees (Tempatan) Sdn Bhd Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Cheng Heng Jem	20,108,737	1.86
12.	Citigroup Nominees (Tempatan) Sdn Bhd Employees Provident Fund Board	19,089,454	1.77
13.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd - 3	17,672,692	1.64
14.	Affin Hwang Nominees (Tempatan) Sdn Bhd Trillionvest Sdn Bhd	17,600,000	1.63
15.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (8119566)	14,415,157	1.33
16.	MIDF Amanah Investment Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tan Sri Cheng Heng Jem (MGN-WCH0004M)	13,448,254	1.24
17.	AMSEC Nominees (Asing) Sdn Bhd MTrustee Berhad for Excel Step Investments Limited	11,429,449	1.06
18.	DB (Malaysia) Nominee (Tempatan) Sendirian Berhad icapital. biz Berhad	10,742,298	0.99
19.	Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad (8106442)	10,059,164	0.93
20.	Maybank Nominees (Tempatan) Sdn Bhd Asian Finance Bank Berhad for Trillionvest Sdn Bhd (SF)	9,848,213	0.91
21.	HSBC Nominees (Asing) Sdn Bhd J.P. Morgan Securities PLC	8,452,438	0.78
22.	Citigroup Nominees (Asing) Sdn Bhd CBNY for State Teachers Retirement System of OHIO	8,403,808	0.78
23.	RHB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad	7,851,900	0.73
24.	Citigroup Nominees (Asing) Sdn Bhd CBNY for Dimensional Emerging Markets Value Fund	7,706,742	0.71
25.	Lee Shin Cheng @ Lee Leong	7,561,365	0.70
26.	Cheng Yong Kim	7,170,986	0.66
27.	Lion Realty Private Limited	7,006,526	0.65
28.	HSBC Nominees (Asing) Sdn Bhd BBH and Co Boston for Vanguard Emerging Markets Stock Index Fund	6,829,816	0.63
29.	RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd - 2	6,530,790	0.60
30.	Kenwingston Sdn Bhd	6,300,000	0.58

Note:

(a) *Excluding a total of 13,231,880 shares in the Company bought back by the Company and retained as treasury shares according to the Record of Depositors as at 30 September 2016.*

Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2016

The Directors' interests in shares in the Company and its related corporations as at 30 September 2016 are as follows:

	Nominal Value per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares [(a)]	Indirect Interest No. of Shares	Indirect Interest % of Shares [(a)]
The Company					
Tan Sri William H.J. Cheng	RM1.00	297,853,526	27.56	348,274,235	32.23
Ooi Kim Lai	RM1.00	197	Negligible	–	–

	Nominal Value per Ordinary Share	Direct Interest No. of Shares	Direct Interest % of Shares	Indirect Interest No. of Shares	Indirect Interest % of Shares
Related Corporations					
Tan Sri William H.J. Cheng					
AUM Asiatic Restaurants Sdn Bhd	RM1.00	–	–	187,500	75.00
AUM Hospitality Sdn Bhd	RM1.00	–	–	60,000	60.00
Collective Entity Sdn Bhd	RM1.00	–	–	300,000	60.00
Fantastic Red Sdn Bhd	RM1.00	–	–	75,000	75.00
Giftmate Sdn Bhd	RM1.00	–	–	120,000	60.00
Kiara Innovasi Sdn Bhd	RM1.00	–	–	3,000,000	60.00
Parkson Edutainment World Sdn Bhd	RM1.00	–	–	700,000	70.00
Parkson Myanmar Investment Company Pte Ltd	#	–	–	2,100,000	70.00
Parkson Retail Asia Limited ("PRA")	#	500,000	0.07	457,933,300	67.96
Parkson Retail Group Limited	HK$0.02	–	–	1,448,270,000	54.67
The Opera Gastroclub Sdn Bhd	RM1.00	–	–	2,250,000	90.00
Urban Palette Sdn Bhd	RM1.00	–	–	720,000	90.00
Vertigo Dot My Sdn Bhd	RM1.00	–	–	60,000	60.00
Super Gem Resources Sdn Bhd	RM1.00	–	–	700,000	70.00
Yeehaw Best Practices Sdn Bhd	RM1.00	–	–	70	70.00
Cheng Hui Yen, Natalie					
PRA	#	50,000	0.01	–	–

Investments in the People's Republic of China	Indirect Interest Rmb	Indirect Interest % Holdings
Tan Sri William H.J. Cheng		
Chongqing Wanyou Parkson Plaza Co Ltd	24,500,000	70.00
Dalian Tianhe Parkson Shopping Centre Co Ltd	60,000,000	60.00
Guizhou Shenqi Parkson Retail Development Co Ltd	10,200,000	60.00
Qingdao No. 1 Parkson Co Ltd	223,796,394	95.91
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00

Notes:

(a) *Excluding a total of 13,281,880 shares in the Company bought back by the Company and retained as treasury shares as at 30 September 2016.*

\# *Shares in companies incorporated in Singapore do not have a par value.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 30 September 2016.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

(a) Conditional Option Agreement dated 13 September 2013 and supplemented by a Letter dated 7 February 2014 and a Supplemental Option Agreement dated 12 May 2014 (collectively, the "Said Option Agreements") entered into between True Excel Investments (Cambodia) Co Ltd ("True Excel") (a wholly-owned subsidiary of Parkson Holdings Berhad) as grantee and PP.SW Development Co Ltd ("PP.SW"), a company in which a Director who is also a major shareholder of the Company has interest, as grantor wherein True Excel is granted the option to enter into a lease agreement for the lease of the lower ground floor and first floor of a mall to be constructed in Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia for a term of 50 years with automatic renewal for another 50 years for an indicative refundable deposit of approximately US$42.00 million (equivalent to approximately RM138.60 million) to be satisfied wholly in cash upon the terms and conditions of the Said Option Agreements.

(b) Conditional Sale and Purchase Agreement dated 13 September 2013 and supplemented by a Letter dated 7 February 2014 and a Supplemental Conditional Sale and Purchase Agreement dated 12 May 2014 (collectively, the "Said Sale and Purchase Agreements") entered into between PP.SW as vendor and True Excel as purchaser for the purchase by True Excel of the second to seventh floors of a mall to be constructed in Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia for an indicative consideration of approximately US$75.09 million (equivalent to approximately RM247.80 million) to be satisfied wholly in cash upon the terms and conditions of the Said Sale and Purchase Agreements.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to external auditors and its affiliated companies for the financial year by the Group and by the Company were RM308,000 (2015: RM590,000) and RM158,000 (2015: RM590,000) respectively.

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2016 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) Obtaining of management support, office equipment, energy and conservation services, security services and equipment, training and other related products and services	Lion Corporation Berhad Group	316
	Lion Forest Industries Berhad Group	6
	Lion Industries Corporation Berhad Group	4,315
		4,637
(b) Obtaining of building and construction related products and services	Lion Forest Industries Berhad Group	26

Notes:

"Group" includes subsidiary and associated companies

The Related Parties are companies in which a Director and certain major shareholders of the Company have substantial interests.

(III) OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT AS AT 30 JUNE 2016

Since the commencement of the Executive Share Option Scheme of the Company ("ESOS") on 7 May 2008, the actual percentage granted to senior management of the Group was 0.098% of the total number of shares available under the ESOS. No options were granted to Directors.

(IV) STATUS OF UTILISATION OF PROCEEDS FROM CORPORATE PROPOSALS AS AT 30 JUNE 2016

	Proposed Utilisation RM Million	Utilisation Status	
		Actual RM Million	Unutilised/ Outstanding RM Million
Disposal by the Company of its entire equity interest in Bright Steel Sdn Bhd to Total Triumph Investments Limited, a wholly-owned subsidiary of Lion Corporation Berhad, for a cash consideration of RM53.47 million:			
• Defray expenses and working capital:			
- Amount received	50.47	50.47	–
- Deferred payment	3.00	–	3.00
	53.47	50.47	3.00

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ....

I.C. No./Company No. ....

of ....

being a member of PARKSON HOLDINGS BERHAD, hereby appoint ....

....

I.C. No. ....

of ....

or failing whom, ...

I.C. No. ....

of ....

as my/our proxy to vote for me/us and on my/our behalf at the Thirty-Third Annual General Meeting of the Company to be held at the Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur on 23 November 2016 at 9.00 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To re-elect as Director, Y. Bhg. Tan Sri Abdul Rahman bin Mamat		
3. To re-elect as Director, Mr Yeow Teck Chai		
4. To re-appoint as Director, Y. Bhg. Tan Sri William H.J. Cheng		
5. To re-appoint Auditors		
6. Retention of Mr Yeow Teck Chai as an Independent Non-Executive Director		
7. Authority to Directors to Issue Shares		
8. Proposed Shareholders' Mandate for Recurrent Related Party Transactions		
9. Proposed Renewal of Authority for Share Buy-Back		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this .... day of 2016

No. of shares: ....   Signed: ....

Representation at Meeting:

- In respect of deposited securities, only Members whose names appear in the Record of Depositors on 16 November 2016 shall be eligible to attend the Meeting.
- A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote instead of him. A proxy need not be a member of the Company. The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.

  Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in one securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.
- The instrument of proxy shall be deposited at the Office of the Registrar of the Company, Level 13, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur not less than forty-eight (48) hours before the time for holding the Meeting.
- Completed Form of Proxy sent through facsimile transmission shall not be accepted.

PARKSON HOLDINGS BERHAD (89194-P)
Level 14, Lion Office Tower
No. 1 Jalan Nagasari
50200 Kuala Lumpur

Tel No : +603 2142 0155
Fax No : +603 2141 3448

www.lion.com.my/parkson