PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

ANNUAL REPORT 2021

Corporate Profile

About Parkson Retail Asia Limited

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 3 November 2011, Parkson Retail Asia Limited ("Parkson", and together with its subsidiaries, the "Group") is a prominent Southeast Asian department store retailer with an extensive network of 39 department stores across cities in Malaysia and Vietnam as at 8 April 2022.

Established in 1987, Parkson always seeks to refresh and enhance its offerings to cater for varying needs and preferences of its customers, which in turn delivers value for its shareholders. Whilst the Group continues to operate predominantly on a blend of concessionaire sales model and anchor tenant in major shopping malls, over the years the Group has also introduced lifestyle elements such as food and beverage outlets to complement its department store operations. At the same time, in meeting the demands of the young, fashion-conscious and contemporary market, the Group has also launched its private label brands as well as agency apparel lines of international brands, some of which are in-house brands and some are exclusive to Parkson.

Contents

Geographic Footprint

AS AT 8 APRIL 2022

MALAYSIA
Number of stores: 38
GFA: 435,000 sqm

VIETNAM
Number of store: 1
GFA: 18,000 sqm

Corporate Information

Board of Directors

Tan Sri Cheng Heng Jem (Executive Chairman)
Cheng Hui Yuen, Vivien (Executive Director)
Michael Chai Woon Chew (Lead Independent Director)
Koong Lin Loong (Independent Director)
Sam Chong Keen (Independent Director)

Audit Committee

Chairman
Michael Chai Woon Chew

Members
Koong Lin Loong
Sam Chong Keen

Nominating Committee

Chairman
Michael Chai Woon Chew

Members
Koong Lin Loong
Tan Sri Cheng Heng Jem

Remuneration Committee

Chairman
Koong Lin Loong

Members
Michael Chai Woon Chew
Sam Chong Keen

Company Secretary

Ang Siew Koon (ACS)

Registered Office

80 Robinson Road #02-00
Singapore 068898
Tel: (65) 6236 3333
Fax: (65) 6236 4399

Share Registrar and Share Transfer Office

B.A.C.S Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

Auditors

Foo Kon Tan LLP
24 Raffles Place
#07-03 Clifford Centre
Singapore 048621
Partner in-charge: Yeo Boon Chye
(With effect from the financial period ended 31 December 2021)

Principal Bankers

United Overseas Bank
Malayan Bank Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
Vietcombank (Joint Stock Commercial Bank for Foreign Trade of Vietnam)

Website

www.parkson.com.sg

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, I hereby present the Annual Report of Parkson Retail Asia Limited for the financial period ended 31 December 2021.

The Company had on 10 June 2021, announced the change of its financial year end from 30 June 2021 to 31 December 2021. Accordingly, this annual report will cover a financial period of 18 months, which began from 1 July 2020 to 31 December 2021 ("FY2021").

Overall, the retail business industry was severely impacted by the prolonged COVID-19 pandemic over the past two (2) years and without exception, it has also impacted the operations and financial performance of the Group. Notwithstanding this, the management has continuously taken pro-active measures and business continuity plans to mitigate the impact of the pandemic.

For FY2021, the Group recorded gross sales proceeds of S$686.5 million (12 months ended 30 June 2020 ("FY2020") : S$633.8 million), revenue of S$248.4 million (FY2020 : S$269.3 million) and profit before tax of S$13.5 million (FY2020 : loss before tax of S$83.5 million). The profit before tax of S$13.5 million was after having accounted for, among others, the effect from deconsolidation of a subsidiary in Indonesia of S$13.7 million, income from subleasing of right-of-use assets of S$12.2 million in relation to the operations in Vietnam, derecognition of lease liabilities of S$55.8 million as well as write-down of liabilities of S$53.9 million following the reassessment of liabilities by the receivers in relation to the operations in Indonesia.

Operations in Malaysia

During the FY2021, five (5) Parkson department stores were closed and a new store at Pavilion Bukit Jalil, Kuala Lumpur was opened in December 2021 which marked another opening of a high-end department store in the Klang Valley by Parkson. The closure of stores was mainly to improve productivity and operational performance in the long run. The total number of stores as at 31 December 2021 was 38 (as at 30 June 2020 : 42). Following this, revenue stood at S$228.3 million (FY2020 : S$224.2 million) while loss before tax was recorded at S$5.6 million (FY2020 : S$17.8 million).

Operations in Vietnam and Indonesia

On Vietnam operations, I am pleased to note that our store located at Saigon Tourist Plaza in Ho Chi Minh City ("HCMC") has once again successfully collaborated with another two (2) international renowned brands, namely Muji and Kohnan which opened their respective flagship outlets at our store during the FY2021 following the opening of Uniqlo outlet back in 2019. At the same time, the Group has closed its three (3) other stores in Danang, Haiphong (following the disposal of the property where the store was located at) and HCMC. Consistent with the operations in Malaysia, the closure of stores was mainly to improve the productivity and performance of the operations in the long run. Currently, there is one (1) store remaining in HCMC in Vietnam.

The Vietnam operations recorded profit before tax at S$13.7 million (FY2020 : loss before tax of S$33.4 million) on the back of revenue of S$10.1 million (FY2020 : S$11.2 million). The profit before tax was largely attributed to the closure of two (2) stores and the exit of the tenancies resulting in derecognition of lease liabilities and recognition of income from subleasing right-of-use assets (in respect of Muji and Kohnan).

The Indonesian operations were severely affected by the pandemic and I regret to inform that we had exited from the Indonesian market completely during FY2021. The Group had also ceased to consolidate the financial statements of the subsidiary in Indonesia with effect from 17 May 2021.

Store Assessment

Against the backdrop of these challenging operating environments, we continued to take pro-active measures in monitoring and assessing the viability of our stores and business ventures. We closed non-performing stores and at the same time, looked into opening new stores at potential sites which will benefit the business in the long run.

Outlook

The management remains committed to improving the operations and financial performance of the Group for the financial year ahead with its priorities on enhancing product offerings, optimising operational efficiency and productivity at stores as well as cost control. The Group will stay focused on its Parkson department store business while monitoring its lifestyle retail concept business model vigilantly, and will continue to restructure non-potential brands/stores. Opening of new stores will be done selectively and only if the Group can reap the benefit in the long run. There are also plans to refresh some of the aging department stores so as to remain competitive in light of intense competition, with several under-performing stores to be discontinued. Last but not least, the Group is constantly reviewing its store area to ensure satisfactory store productivity and efficiency.

The containment of COVID-19 and the inflationary pressures (which in turn would have an impact on consumers' sentiments) will remain a major concern to the Group's operations and financial performance for the financial year ending 31 December 2022. The Group takes cognizance of these challenges and will strive to improve its performance continuously.

Acknowledgement

I wish to express my sincere gratitude to our management, employees, customers, shareholders, suppliers, business associates and all stakeholders for their unwavering support, especially amid the challenges faced by the Group.

Here , I would like to take the opportunity to welcome Mr Sam Chong Keen who joined the Company as an Independent Non-Executive Director on 30 October 2020 (during FY2021) and at the same time, express my gratitude and appreciation to my fellow Board members who continued to serve and support the Company.

Tan Sri Cheng Heng Jem
Executive Chairman

Singapore
8 April 2022

Financial Highlights

	2017 SGD'000	2018 SGD'000	2019 SGD'000	2020 SGD'000	**2021** **(18 months)** **SGD'000**
Consolidated Income Statement					
Gross sales proceeds [1]	982,422	952,953	909,870	633,797	**686,515**
Revenue	412,734	413,552	398,544	269,330	**248,411**
(Loss)/earnings before interest, depreciation, amortisation and tax	(21,437)	(11,462)	(7,909)	20,744	**131,392**
Net (loss)/profit after tax	(61,234)	(43,931)	(34,613)	(84,995)	**13,744**
Net (loss)/profit attributable to owners of the Company	(58,218)	(42,672)	(34,600)	(84,928)	**13,730**
Basic and diluted (loss)/profit per share (cent)	(8.64)	(6.33)	(5.14)	(12.60)	**2.04**
Consolidated Statement of Financial Position					
Total assets	340,315	285,781	285,181	443,447	**349,708**
Total liabilities	250,015	237,125	243,390	509,407	**398,965**
Total equity	90,300	48,656	14,791	(65,960)	**(49,257)**

Note
1. Gross sales proceeds comprise merchandise sales (direct and concessionaire sales), consultancy and management service fee, income from rental of retail space and other operations such as food and beverages' revenue.

Management Discussion and Analysis

Store Review

As at 31 December 2021, the Group's department store network comprised 39 (30 June 2020 : 46*) stores spanning approximately 453,000 sqm of Gross Floor Area; 38 (30 June 2020 : 42) in Malaysia (435,000 sqm) and 1 (30 June 2020 : 4) in Vietnam (18,000 sqm).

* Indonesia stores have been excluded for comparative purpose.

Financial Results

Continuing Operations' Review

	Group 31.12.2021 (18 months) S$'000	Group 30.06.2020 (12 months) S$'000	+/(-) %
Continuing operations			
Revenue	240,121	260,076	(7.7)
Other items of income			
- Finance income	6,223	3,652	70.4
- Other income	86,868	16,422	>100
Items of expense			
- Changes in merchandise inventories and consumables	(88,158)	(106,068)	16.9
- Employee related expense	(56,047)	(52,488)	(6.8)
- Depreciation of right-of-use assets ("ROUA")	(63,431)	(53,371)	(18.8)
- Depreciation and amortisation expense	(22,964)	(20,567)	(11.7)
- Promotional and advertising expense	(1,819)	(4,464)	59.3
- Operating lease expense	9,591	(7,053)	>100
- Interest expense on lease liabilities	(29,482)	(25,721)	(14.6)
- Finance costs	(915)	(1,109)	17.5
- Impairment of ROUA	(35,148)	(36,722)	4.3
- Impairment of property, plant and equipment	(9,516)	(9,430)	0.9
- Other expenses	(30,850)	(36,373)	15.2
Total expenses	(328,739)	(353,366)	7.0

	Group 31.12.2021 (18 months) S$'000	Group 30.06.2020 (12 months) S$'000	+/(-) %
Profit/(Loss) before tax	4,473	(73,216)	>100
Tax credit/(expense)	225	(1,482)	>100
Profit/(Loss) after tax	4,698	(74,698)	>100
Discontinued operations			
Profit/(Loss) after tax	9,046	(10,297)	>100
Net Profit/(Loss) for the period/year	13,744	(84,995)	>100
Net profit/(loss) attributable to:			
Owners of the Company	13,730	(84,928)	>100
Non-controlling interests	14	(67)	>100
	13,744	(84,995)	>100

The components of Gross Sales Proceeds ("GSP") are as follows: -

	Group 31.12.2021 (18 months) S$'000	Group 30.06.2020 (12 months) S$'000	+/(-) %
GSP			
Sales of goods - direct sales	116,323	142,113	(18.1)
Sales of goods - concessionaire sales	529,582	446,117	18.7
Total merchandise sales	645,905	588,230	9.8
Consultancy / management service fees	356	389	(8.5)
Rental income	3,399	6,498	(47.7)
Food and beverage	2,195	2,316	(5.2)
GSP from continuing operations	651,855	597,433	9.1

The yoy increase in total merchandise sales by 9.8%, largely due to FY2021 covering an 18 months period as compared to FY2020 covering a 12 months period. Merchandise sales mix remained largely concessionaire at 82.0% (FY2020: 75.8%) while contribution from direct sales was 18.0% (FY2020: 24.2%).

Consultancy and management service fees from managing a department store in Malaysia declined yoy by 8.5% due to lower sales attained by the department store. Rental income decreased yoy by 47.7% due mainly to rent rebate granted to tenant, exit of tenant from department store and the reduction in the Group's store count. Food and beverage operations registered a yoy decline in sales by 5.2%, mainly affected by the prolonged COVID-19 pandemic.

Merchandise gross profit margin stood at 22.8% (FY2020: 24.6%).

Other items of Income

Other income increased yoy by >100%, due mainly to the effect on deconsolidation of a subsidiary in Indonesia, write-down of liabilities in relation to the same subsidiary in Indonesia following the reassessment of liabilities by the receivers, recognition of income from subleasing right-of-use assets and derecognition of lease liabilities.

Expenses

Total expenses of the Group declined yoy by 7.0% and analysis of major expenses is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased yoy by 16.9%, largely in line with the decline in revenue and reduction in the Group's store count.

Employee related expense (staff costs)

Staff costs increased yoy by 6.8% due mainly to FY2021 covering an 18 months period as compared to FY2020 covering a 12 months period.

Depreciation of right-of-use assets ("ROUA")

Depreciation of ROUA increased yoy by 18.8% due mainly to FY2021 covering an 18 months period as compared to FY2020 covering a 12 months period.

Depreciation and amortisation expense

Depreciation and amortisation expense increased yoy by 11.7% due mainly to FY2021 covering an 18 months period as compared to FY2020 covering a 12 months period.

Promotional and advertising expense

Promotional and advertising expenses declined yoy by 59.3%, largely attributed to the shifting from the traditional media (newspapers) to digital media, of which the latter is more cost efficient, the reduction in the Group's store count and was part of the Group's cost cutting exercise.

Operating lease expense

Operating lease expense declined yoy by >100% was largely due to the Group's lesser store count and rent rebate obtained from the landlords pursuant to the COVID-19 pandemic.

Interest expense on lease liabilities

Interest expense on lease liabilities increased yoy by 14.6% due mainly to FY2021 covering an 18 months period as compared to FY2020 covering a 12 months period.

Other expenses

Other expenses comprised mainly (a) selling and distribution expenses amounted to S$5.6 million, (b) general and administrative expenses amounted to S$12.0 million and (c) other operating expenses amounted to S$13.3 million. The decrease was due mainly to the Group's lesser store count and was part of the Group's cost cutting exercise.

Profit/(Loss) before tax

The Group recorded profit before tax of S$4.5 million compared with loss before tax of S$73.2 million generally due to the effect on deconsolidation of a subsidiary in Indonesia amounted to S$13.7 million, write-down of liabilities of S$53.9 million of the same subsidiary in Indonesia following the reassessment of liabilities by the receivers, recognition of income from subleasing right-of-use assets amounted to S$12.2 million as well as derecognition of lease liabilities of S$23.2 million.

Tax expense

The Group attained a net tax credit of S$0.2 million, mainly due to the recognition of deferred tax income pursuant to the adoption of SFRS(I) 16 Leases.

Financial Results

Discontinued Operations' Review (relating to a subsidiary in Vietnam)

	31.12.2021 (18 months) S$'000	30.06.2020 (12 months) S$'000	+/(-) %
Revenue	8,290	9,254	(10.4)
Other items of income			
- Finance income	5	582	(99.1)
- Other income	13,631	366	>100
Items of expense			
- Changes in merchandise inventories and consumables	(348)	(917)	62.1
- Employee related expense	(938)	(1,060)	11.5
- Depreciation of right-of-use assets ("ROUA")	(3,790)	(3,665)	(3.4)
- Depreciation and amortisation expense	(104)	(845)	87.7
- Promotional and advertising expense	(142)	(284)	50.0
- Operating lease expense	(1,135)	(923)	(23.0)
- Interest expense on lease liabilities	(3,415)	(3,120)	(9.5)
- Finance costs	-	(93)	100
- Impairment of ROUA	-	(4,118)	100
- Impairment of property, plant and equipment	-	(1,786)	100
- Other expenses	(3,008)	(3,688)	18.4
Total expenses	(12,880)	(20,499)	37.2
Profit/(Loss) before tax	9,046	(10,297)	>100
Tax expense	-	-	-
Profit/(Loss) after tax	9,046	(10,297)	>100

The components of Gross Sales Proceeds ("GSP") are as follows: -

	31.12.2021 (18 months) S$'000	30.06.2020 (12 months) S$'000	+/(-) %
GSP			
Sales of goods - direct sales	492	1,098	(55.2)
Sales of goods - concessionaire sales	31,854	33,552	(5.1)
Total merchandise sales	32,346	34,650	(6.6)
Rental income	2,314	1,714	35.0
GSP from discontinued operations	34,660	36,364	(4.7)

<u>Other items of Income</u>

Other income increased yoy by >100%, due mainly to derecognition of lease liabilities following the termination of a tenancy agreement.

<u>Expenses</u>

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased yoy by 62.1%, largely in line with the decline in revenue and reduction in store count.

Impairment of right-of-use assets ("ROUA")

The impairment of ROUA was offset against derecognition of lease liabilities (following the termination of a tenancy agreement) under other income.

Impairment of property, plant and equipment ("PPE")

No Impairment for PPE for FY2021 as PPE was fully impaired in FY2020.

<u>Profit/(Loss) before tax</u>

The profit before tax attained at S$9.0 million compared with loss before tax of S$10.3 million was largely due to the derecognition of lease liabilities following the termination of a tenancy agreement.

Group Balance Sheet

The Group was in a net current liabilities ("NCL") position of S$102.6 million as at 31 December 2021. NCL of the Group decreased by 12.6% from S$117.4 million as at 30 June 2020 to S$102.6 million as at 31 December 2021 due mainly to the increase in cash and short term deposits arising from the December 2021 festive season collections, derecognition of lease liabilities and deconsolidation of a subsidiary in Indonesia. The negative equity of the Group decreased to S$49.3 million as at 31 December 2021 from S$66.0 million as at 30 June 2020 due mainly to profit attained by the Group for the current financial period.

The financial statements of the Group has been prepared on a going concern basis. The ability of the Group to continue as a going concern is dependent on the successful recovery from the COVID-19 pandemic, the Group generating sufficient cash flows from its operations to meet its working capital needs and the continued support from its suppliers and creditors.

Property, plant and equipment declined to S$26.5 million due to depreciation, impairment and write-off.

Right-of-use assets declined to S$171.9 million due mainly to depreciation and impairment.

Deferred tax assets increased to S$4.8 million due to the recognition of deferred tax income pursuant to the adoption of SFRS(I) 16 Leases.

Other receivables increased to S$40.0 million was pursuant to the recognition of income from subleasing right-of-use assets.

Inventories declined to S$19.5 million due mainly to the deconsolidation of a subsidiary in Indonesia, the Group's effort to contain inventories, and was fairly in line with the Group's decline in revenue.

Cash and short-term deposits increased to S$69.1 million due mainly to higher collections relating to the December 2021 festive season.

Assets classified as held for sale was as announced on 27 July 2020, a wholly-owned subsidiary of the Group entered into a conditional Asset Transfer Agreement with a purchaser for the disposal of the plot of land use right and building in Haiphong City, Vietnam for USD10.0 million (equivalent to approximately S$13.8 million) inclusive of value added tax ("Disposal"). Accordingly, the said land use right and building were classified as asset held for sale. As announced on 4 October 2021, the Disposal had been completed on 1 October 2021.

Trade and other payables (current) increased to S$139.0 million was fairly in line with the December 2021 festive season.

Other liabilities (current) declined to S$14.6 million due mainly to lower accrued expenses by a subsidiary in Vietnam.

Contract liabilities (current) declined to S$6.9 million due mainly to the reduction in deferred revenue from gift vouchers and customer loyalty award.

Loans and borrowings (current and non-current) decreased to S$13.8 million due mainly to lower utilisation of bank overdraft facilities.

Lease liabilities (current and non-current) decreased to S$215.6 million due mainly to the deconsolidation of a subsidiary in Indonesia and derecognition of lease liabilities.

Company Balance Sheet

Trade and other payables (current) increased to S$12.4 million due mainly to additional loan obtained from the ultimate holding company.

Group Cash Flow

The Group recorded net cash inflow from operating activities of S$126.0 million while net cash inflow from investing activities was S$4.8 million and the Group recorded net cash used in financing activities of S$73.3 million, resulting in a net increase in cash and cash equivalents of S$57.5 million (FY2020 : net decrease in cash and cash equivalents of S$48.2 million). This was mainly resulted from the positive working capital changes, as disclosed in the consolidated statement of cash flows.

Board of Directors

Tan Sri Cheng Heng Jem
Executive Director, Chairman

Tan Sri Cheng Heng Jem was appointed as a Director of the Company on 31 March 2011 and was last re-elected on 31 October 2018. He is a member of the Nominating Committee.

Tan Sri Cheng has more than 45 years of experience in the business operations of the Lion Group, a Malaysian based diversified business group (which includes our Company) encompassing retail, credit financing and money lending services, steel, mining, property development, tyre manufacturing, motor, agriculture and computer industries. He oversees the operations of the Lion Group and is responsible for the formulation and monitoring of the overall corporate strategic plans and business development of the Lion Group.

Tan Sri Cheng is the Chairman and Managing Director of Parkson Holdings Berhad ("PHB"), our ultimate holding company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Executive Director and Chairman of Parkson Retail Group Limited, a subsidiary of PHB listed on The Stock Exchange of Hong Kong Limited. Tan Sri Cheng is currently the Chairman of Lion Posim Berhad, a public company listed on the Main Market of Bursa Securities. He also sits on the board of Lion Asiapac Limited, a public company listed on the Singapore Exchange Securities Trading Limited, and is a Founding Member and a Permanent Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes.

Tan Sri 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 was also the President of Malaysia Retailers Association ("MRA") from August 2014 to May 2018 and was appointed an Honorary President of MRA from June 2018 to July 2020. In July 2020, he was again appointed the President of MRA. He was the Chairman of the Federation of Asia-Pacific Retailers Associations ("FAPRA") from October 2017 to September 2019, and in September 2019, he was appointed the Vice Chairman of the FAPRA. He is a Trustee of ACCCIM's Socio-Economic Research Trust and the President of Malaysia Steel Association.

Tan Sri Cheng is the father of Ms Cheng Hui Yuen, Vivien, an Executive Director of the Company.

Cheng Hui Yuen, Vivien
Executive Director

Ms Cheng Hui Yuen, Vivien, was appointed as Executive Director of the Company on 18 September 2015 and was last re-elected on 31 October 2019.

Ms Cheng has been working in the Lion Group since 2012 and is presently the General Manager - Business Development of Parkson Branding Division. Her responsibilities include the bringing in of international brands to the Southeast Asia market and introducing brands that are exclusive to Parkson Department Stores. Besides the key function of identifying and procuring fashion and retail brands, her portfolio requires her to be keenly involved in Parkson Department Stores operations and other Lion Group projects such as shopping mall development and food and beverage businesses.

Ms Cheng holds a Bachelor of Engineering in Environmental Engineering from the University of Science and Technology Beijing, People's Republic of China.

Ms Cheng is the daughter of Tan Sri Cheng Heng Jem, an Executive Director and Chairman of the Company.

Koong Lin Loong

Independent, Non-Executive Director

Mr Koong was appointed as Director of the Company on 2 January 2020 and was last re-elected on 30 October 2020. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit Committee.

Mr Koong is qualified as an associate member of Chartered Institute of Management Accountants in the United Kingdom (CIMA) and the ASEAN Chartered Professional Accountants (ASEAN CPA). He is a member of the Malaysian Institute of Accountants (MIA), the Certified Practising Accountants Australia (CPA Australia), the Management Institute of Certified Public Accountants (MICPA) and the Institute of Internal Auditors Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA). Mr Koong is also a fellow member of the Chartered Tax Institute of Malaysia ("CTIM").

In addition, Mr Koong is the Treasurer of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and the Chairman of ACCCIM Small & Medium Enterprises (SMEs) Committee. He is also a Council Member cum Chairman of CTIM's Membership Committee.

Currently, Mr Koong is the Managing Partner of Reanda LLKG International, Chartered Accountants. He is also the President of Southeast Asia & South Asia Region of Reanda International Network and the Chairman of its International Tax Panel.

Mr Koong is currently an Independent Non-Executive Director of Parkson Retail Group Limited, a public company listed on The Stock Exchange of Hong Kong Limited.

Michael Chai Woon Chew

Independent, Non-Executive Director

Mr Chai was appointed as Director of the Company on 1 September 2017, and was last re-elected on 30 October 2020. He is the Lead Independent Director, Chairman of the Audit Committee and the Nominating Committee and a member of the Remuneration Committee.

Mr Chai is a partner of Michael Chai & Co., Advocate & Solicitors. He is currently a Non-Independent Non-Executive Director of KKB Engineering Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

Mr Chai holds a Bachelor of Laws (Hons.) degree from the University of Buckingham, Bachelor of Science (Hons.) Degree in Chemistry from the University of Surrey, United Kingdom and is qualified as Barrister-at-Law from Lincoln's Inn, England. Mr Chai was called to the Bars in Malaysia and Singapore.

Sam Chong Keen

Independent, Non-Executive Director

Mr Sam Chong Keen was appointed as Director of the Company on 30 October 2020. He is a member of the Remuneration Committee and the Audit Committee.

Mr Sam has a wealth of management experience, having held senior/CEO positions in the Singapore Government Administrative Service, National Trades Union Congress (NTUC), Intraco Limited, Comfort Group Limited, VICOM Limited, Lion Asiapac Limited, Lion Teck Chiang Limited, A-Smart Holdings Limited, Jade Technologies Holdings Limited and Sino-Environment Technology Group Limited.

Mr Sam was the Political Secretary to the Minister for Education from 1988 to 1991. He has served on various government boards and committees, including the Central Provident Fund Board and the National Co-operative Federation.

Mr Sam currently sits on the boards of other public listed companies in Singapore. He is an Independent Non-Executive Director of A-Smart Holdings Limited, Lion Asiapac Limited, Stamford Tyres Corporation Limited and SMI Vantage Limited.

Mr Sam holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, as well as a Diploma from the Institute of Marketing, United Kingdom.

Key Management

Law Boon Eng

Chief Operating Officer of Malaysia operations

Mr Law is the Chief Operating Officer of Malaysia operations. He has over 30 years of experience in the retail industry. He held several senior positions in major retail groups in Malaysia, including General Manager of Merchandising and Marketing in our Malaysia operations, Chief Operating Officer and Executive Director of Ngiu Kee Corporation Bhd and Executive Director of Asia Brands Corporation Berhad. Mr Law re-joined the Group as Acting Chief Operating Officer of Malaysia operations in October 2014, and became the Chief Operating Officer of Malaysia operations in October 2015.

Mr Law holds a Diploma in Management from Curtin University, Australia.

Tay Boon Hock

Chief Auditor

Mr Tay is the Chief Auditor of the Company. He joined the Company in April 2017. Prior to joining the Company, he was with Wah Chan Group, an established jeweller in Malaysia where his last position held was Head of Internal Audit. Collectively, he has more than 20 years of working experience in internal audit and assurance on risk management, control and governance, external audit, accounting and finance, operation and security management, process and system improvements and project management.

Mr Tay is a Certified Internal Auditor (CIA) of The Institute of Internal Auditors (IIA), a chartered member of the Institute of Internal Auditors, Malaysia (CMIIA), a fellow member of ACCA, a professional member of Information Systems Audit and Control Association (ISACA), and a member of the Malaysia Institute of Accountants (MIA).

Mr Tay currently serves as a member of the board of governors cum honorary treasurer of the Institute of Internal Audit Malaysia (IIAM) and a member of the Internal Quality Assurance Committee (IQAC). Prior to his current roles, he served as the Chairman of the Certification & Academic Relations Committee (CARC) for 2018/2019 term and a member of the Professional Service Committee (PSC) of IIAM.

Chua Tian Pang

Chief Financial Officer

Mr Chua joined the Company as Chief Financial Officer on 1 March 2019.

He has more than 20 years of working experience in the areas of auditing, accounting, treasury, taxation, group finance, corporate finance and investor relation. He began his career with Ernst & Young and KPMG in auditing various industries covering listed and non-listed clientele. He then joined Warisan TC Holdings Berhad ("WTCH") in 2001 as head of internal audit. He was the pioneer member of the internal audit department who assisted to set up the internal audit function for WTCH in complying with Bursa Malaysia Securities Berhad Listing Requirements which stipulate the requirement of existence of an internal audit function for public listed companies in Malaysia. Subsequently he pursued to head group finance department commencing 2003. Throughout the ten (10) years, he was overseeing the financial management for more than 30 companies within WTCH Group and had gone through a couple of major corporate exercises in relation to Mergers & Acquisitions (M&A). His last position held with WTCH was Group Financial Controller, an equivalent position to Chief Financial Officer. Prior to joining the Company, Mr Chua was Chief Financial Officer of Focus Point Holdings Berhad ("FPHB") managing group finance, operational finance, internal audit, treasury, taxation, corporate finance and investor relation functions. He has since then been instrumental to the financial management and treasury functions of FPHB Group.

Mr Chua holds a degree in Bachelor of Commerce from Monash University (Clayton Campus), Melbourne, Australia. He is a Certified Practising Accountant (CPA) of the Australian Society of Certified Practising Accountants (ASCPA) and a Chartered Accountant (CA) of the Malaysian Institute of Accountants (MIA).

Corporate Social Responsibility (CSR)

In keeping with its philosophy of giving back to the community, the Group focuses on helping to uplift the community via Lion-Parkson Foundation (the "Foundation") established in 1990 by Lion Group of Companies of which the Group is a member. The companies within the Group are also supporting the local community wherein they operate by participating in charity programmes and fundraising drives to assist those in need.

Empowerment through Education

The Foundation organises fundraising activities for charity and provides educational opportunities for the less fortunate. The true sustainability of our project lies in the on-going transformation of peoples' lives through the benefits of education. We believe in Empowerment through Education; that education is the catalyst to bring about sustainable change for the better for our future generations.

Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at Lion Group companies during their semester breaks to prepare them for working in the corporate world. In the FY2021 which covered 18 months, the Foundation awarded scholarships worth RM10,000 per annum to 22 students based on their academic performance, extra-curricular activities and leadership qualities. To date, the Foundation has sponsored a total of 491 students under its scholarship and other sponsorship programmes worth RM11.6 million.

Among the events organised by the Foundation is the annual Chinese New Year (CNY) Calligraphy Charity Sale in aid of needy students in a few schools in the Klang Valley. For the 12 years from 2010 to 2021, the CNY Calligraphy Charity Sale had raised more than RM2.6 million to assist needy students in these schools.

Home for Special Children

The Foundation had built a Home for Handicapped & Mentally Disabled Children in Banting, which was opened in November 2012 and has recently completed the expansion of the home to include an old folks home.

Medical Assistance for the Less Fortunate

In reaching out to a broad and diverse cross-section of beneficiaries irrespective of race or religion, the Foundation also provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery as well as purchase of medical equipment and medication. The Foundation is also assisting organisations that are geared towards helping the less fortunate to achieve a better life, including sponsoring community health programmes such as medical camps and donation of dialysis machines.

Approximately RM9.78 million has been disbursed in the form of sponsorship for medical treatment to 1,044 individuals including purchase of equipment and medication for needy Malaysians, purchase of medicine for medical camps as well as dialysis machines for dialysis centres operated by National Kidney Foundation of Malaysia and Non-Governmental Organisations (NGOs) to provide subsidised treatment to those suffering from kidney failure as of 31 December 2021.

Other CSR Initiaves

Parkson joined in the COVID-19 Immunisation Task Force by the Government to boost the national COVID-19 vaccine roll-out, and staged information booths at its store to disseminate information and help the public to register for their vaccination on MySejahtera. It also collaborated with Sunway Medical Centre to organise FB Live Sessions on COVID-19 vaccine and other related information on health and wellbeing.

Under the 'Parkson Cares' initiative, Parkson contributed Hogan bread to frontliners as well as old folks homes and underprivileged children homes in the Klang Valley, and donated electrical appliances and basic needs to orphanages and senior citizen homes in Selangor during the recent flood disasters.


MAD ABOUT HOMES

Financial Contents

Corporate Governance Report

The Company and its subsidiaries ("**Group**") recognise the importance of good corporate governance and are committed to attaining a high standard of corporate governance practices to enhance corporate performance and protect the interest of shareholders.

This Corporate Governance Report describes the Group's corporate governance practices and sets out the manner in which the Group has applied the principles, and the extent of compliance, with the principles and provisions of the Code of Corporate Governance 2018 ("**Code**") and the accompanying Practice Guidance issued on 6 August 2018, which form part of the continuing obligations under the Listing Rules of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Rules**"). Where there have been deviations from the Code, appropriate explanations have been provided in this Corporate Governance Report.

The Company had on 10 June 2021 changed its financial year end from 30 June to 31 December. With this change, the Company's financial year which began on 1 July 2020 covered an 18-month period and ended on 31 December 2021 ("**FY2021**"). In the opinion of the Board of Directors of the Company (each a "**Director**", and collectively the "**Board**" or "**Directors**"), the Company has generally complied with all of the principles set out in the Code for FY2021.

Principle 1: The Board's Conduct of Affairs
The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Board provides entrepreneurial leadership to the Group, reviews the Group's strategic objectives and business plans, assesses and monitors the key risks presented by the key management personnel of the Group ("**Management**") and assesses the adequacy of internal controls to ensure that key risks are managed to safeguard and protect the interest of the shareholders. The Board also reviews the financial performance of the Group and the performance of the key management team to ensure that the necessary financial and human resources are in place for the Group to meet its strategic objectives. The Board sets an appropriate tone-from-the-top by setting the values and standards for the Group to ensure that the reputation of the Group is being upheld. In setting strategic objectives, the Board has also considered environmental, social and governance factors to ensure sustainability of the Group's business. The Board recognises that the perceptions of the key stakeholder groups affect the Group's reputation, and strives to ensure transparency and accountability to these key stakeholder groups. The Company has identified the key stakeholder groups and regularly seeks their feedback to improve the Group's performance and ensure that their expectations are being met. All Board members bring their judgement, diversified knowledge and experience to review and approve Management's plans on issues relating to strategy, performance, resources and standards of conduct. Where there are circumstances in which a Director has a conflict of interest or it appears that the Director might have a conflict of interest in relation to any matter, the Director concerned will disclose such conflict of interest and recuse himself from participating in the discussions and decisions of the matter. Such compliance will be recorded in the minutes of meeting or in the Board resolutions.

Matters reserved for the Board's decisions include approving the Group's broad policies, strategic business plans, annual budget, material acquisitions, investments and divestments, capital commitment above certain set threshold, interested party transactions, payment of interim dividends and declaration of final dividends, quarterly/yearly financial results and public announcements. Appointment of Directors and key management personnel, and their remuneration and compensation packages are also matters that require the approval of the Board. The matters which require the Board's approval are clearly communicated to Management in writing, and the Company's Compliance Manual, which is reviewed regularly by the Board, sets out all such matters which require the Board's approval.

The Board has formed and delegated specific responsibilities to three Board committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), to assist the Board in discharging its duties and responsibilities in the interests of the Company. Each of these three Board committees have clear written terms of references setting out their compositions, authorities and duties, including reporting back to the Board. The Board accepts that while these Board committees have the authority to examine specific issues which are set out in the Terms of Reference of the respective Board committees and that they will report to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

The Directors attend and actively participate in Board and Board committees meetings. The Board meets at least four times a year. The Board, Board committees meetings and the Company's Annual General Meeting ("**AGM**") for the following calendar year are scheduled at the end of the current calendar year to enable the Directors to plan their schedule ahead. Ad-hoc meetings may be called in between the scheduled meetings when there are matters requiring the relevant Directors' deliberation, consideration and decision. The Company's Constitution provides for Board meetings to be held via telephone, or other similar communication facilities whereby all persons participating in the meeting are able to communicate as a group, with at least one of the Directors present at the venue of the meeting for the duration of the meeting. The AGM and the number of Board and Board committees meetings held in FY2021 and the attendance of the Directors at the meetings are as follows:

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee		Annual General Meeting
	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	
Executive Directors									
Tan Sri Cheng Heng Jem	C	6/6	-	-	M	2/2	-	-	1/1
Cheng Hui Yuen, Vivien	M	6/6	-	-	-	-	-	-	1/1
Independent Directors									
Ng Tiak Soon[(1)]	M	1/1	C	1/1	-	-	M	1/1	1/1
Michael Chai Woon Chew	M	6/6	C[(2)]	6/6	C	2/2	M	1/1	1/1
Koong Lin Loong	M	6/6	M	6/6	M	2/2	C	1/1	1/1
Sam Chong Keen[(3)]	M	4/4	M	4/4	-	-	M	N.A.	N.A.

(1) Retired at the Company's AGM held on 30 October 2020, and ceased to be the Chairman of the AC and a member of the RC.
(2) Appointed as the Chairman of the AC with effect from 30 October 2020.
(3) Appointed on 30 October 2020 as an Independent Director, and a member of the AC and the RC.

Legend:
C – Chairman
M – Member

A formal letter will be given to each new Director upon his/her appointment, setting out the Director's roles, duties, obligations and responsibilities, and the expectations of the Company. Incoming Directors, when appointed, will undergo an orientation programme that includes briefings by Management on the Group's structure, businesses, operations, and policies. Each new Director who has no prior experience as a director of a listed company would attend trainings on the 'Listed Entity Directors Programme' conducted by the Singapore Institute of Directors and supported by the SGX-ST, and other relevant courses to equip him with the skills and knowledge to execute their duties as directors effectively and to familiarise himself with the roles and responsibilities of a director of a listed company. All Directors are also given the opportunity to visit the Group's operational facilities and meet with the management team.

A manual containing the Group's policies and procedures relating to its business, corporate governance, restrictions on dealings in its securities and price-sensitive information and whistle blowing policy, which has been approved by the Board, is provided to each Director. The manual also contains guidelines on approval limits for, among others, acquisition and disposal of assets, financial management and capital requirements, and sets out the matters that are specifically reserved for the Board's consideration and decision as well as directions to Management in relation to such matters.

Specific training conducted by professionals would be tailored for and provided to the Directors to help them to keep up with relevant changes to listing requirements, corporate governance best practices and accounting standards, as well as changing commercial risks. Directors are also encouraged to attend, at the Group's expense, relevant and useful seminars for their continuing education and skills improvement.

All Directors are furnished with Board papers and materials relevant to the agenda items of the meeting prior to Board and Board committees meetings. The meeting materials are provided, as far as possible, one week before the scheduled meetings to allow the Directors sufficient time to read and review the documents for deliberation at the meetings. Materials that are provided include the unaudited quarterly financial statements, the internal audit report, list of interested person transactions, whistle blowing reports (if any), list of board resolutions passed via written means, announcements released in-between the quarterly meetings, Directors' declaration of interest (if any), as well as other Board Papers that are not part of the quarterly routine. As and when there are urgent and important matters that require the Directors' attention, information is furnished to the Directors as soon as practicable, and where necessary, a special Board or Board committee meeting will be convened at short notice. The Directors may also request for additional information from Management or for expert advice to be sought during discussion at the Board or Board committee meetings if they deemed such information necessary and appropriate for well-informed decision-making.

Management makes presentations to the Board on a quarterly basis on the financial performance of the Group.

Annual budgets are presented to the Board for approval and adoption, and subsequently in the quarterly Board meetings, the variances between projections and actual results are tabled for the Board's review. If needed, the AC or the Board may request for re-forecasts or revised budgets to be presented. Monthly management accounts are made available to Directors upon their request.

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Rules. A compliance manual covering legislative and regulatory requirements has been circulated to the Management team and is updated when there are amendments to the legislative and regulatory requirements. Management provides the Executive Directors ("**ED**") with monthly financial reports which are also made available to the Non-Executive Directors ("**NED**") upon their request. Additional or ad-hoc meetings are conducted when required.

All of the Directors have separate and independent access to Management, the Company Secretary and her assistant, the Group's internal and external auditors, as well as external advisers (where necessary) at the Company's expense, should they have any queries on the affairs of the Group. The contact persons and contact details of these parties are regularly updated and circulated to the Directors.

The Company Secretary and/or her assistant attend all meetings of the Board and Board committees and ensure that the Board and Board committees procedures are followed and that applicable rules and regulations are complied with. The Company Secretary is responsible for ensuring good information flows within the Board and its Board committees and between Management and the NEDs.

Any decision to appoint or remove the Company Secretary can only be taken by the Board as a whole.

The Board has also approved a procedure for Directors, either individually or as a Board, to take independent professional advice where necessary in the furtherance of their duties, at the Group's expense.

Principle 2: Board Composition and Guidance
The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

There were changes in the Board composition during FY2021. Mr Ng Tiak Soon ("**Mr Ng**") did not seek for re-election as a Director at the AGM held on 30 October 2020 and retired from the Board. Mr Sam Chong Keen ("**Mr Sam**") was appointed on 30 October 2020 as a Director to fill the vacancies on the Board, the AC and the RC. Further, Mr Michael Chai Woon Chew ("**Mr Michael Chai**"), the Lead Independent Director of the Board, was appointed on 30 October 2020 as the Chairman of the AC in replacement of Mr Ng.

As at the date of this report, the Board comprises three Independent Directors ("**IDs**") and two EDs. The Company had maintained a satisfactory independent element on the Board with more than half of the Board comprising IDs. It was therefore compliant with provision 2.2 of the Code which recommends that IDs make up a majority of the Board where the Chairman of the Board ("**Chairman**") is not independent. The Company also complied with provision 2.3 given that NEDs make up a majority of the Board.

The Board has established a process for assessing the independence of its Directors. As part of the process, each NED is required to confirm via a declaration form on an annual basis, or as and when required, his/her independence based on the guidelines provided in the Code and the Listing Rules. The NC will take into consideration the NED's declaration during its review to determine whether the NED is independent in character and judgement, and whether there are any relationships or circumstances which are likely to affect, or could appear to affect, the NED's judgement. The NC takes into account the Listing Rules in relation to the assessment of a NED's independence, and further views that the existence of any of the following relationships or circumstances will also deem the NED not independent:-

(a) the NED, or an immediate family member, or a company that he, she or they are a 5% shareholder in, providing to or receiving from the Company or any of its related corporations any significant payments or material services, for the current or immediate past financial year, other than compensation for board service;

(b) the NED:

    (i) who, in the current or immediate past financial year, is or was; or

(ii) whose immediate family member, in the current or immediate past financial year, is or was, a 5% shareholder of, or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), or with which the Company or any of its related corporations had any business relationships, in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant;

(c) the NED who is a 5% shareholder or an immediate family member of a 5% shareholder of the Company; or

(d) the NED who is or has been directly associated with a 5% shareholder of the Company, in the current or immediate past financial year.

None of the NEDs has or had any relationships or circumstances as prescribed above.

The Board and the NC review the size of the Board on an annual basis. Based on the latest review, the Board and the NC are of the view that the present Board size is appropriate and facilitates effective decision making, taking into account the current scope and nature of the Group's operations, the requirements of the business of the Group and the need to avoid undue disruptions from changes to the composition of the Board and Board committees.

The Board and the NC are also of the view that the current Board and its Board committees comprise Directors, who as a group, provide an appropriate balance and diversity of skills, experience, gender, age and knowledge of the Group, as well as core competencies such as accounting and finance, legal, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. Ms Cheng Hui Yuen, Vivien ("**Ms Vivien Cheng**") is the only female Director on the Board, and the youngest among the Directors. Ms Vivien Cheng, who has merchandising experience, has been mentored and guided by her father, Tan Sri Cheng Heng Jem ("**Tan Sri Cheng**") who is the Chairman. Mr Michael Chai brings with him legal expertise. Mr Koong Lin Loong ("**Mr Koong**") who has his own company, brings with him knowledge on tax matters. Mr Sam brings with him a wealth of management experience, having held senior positions in both the Singapore government and private sectors. The Chairman founded Parkson and he has other successful businesses, a few of which are also listed on recognised stock exchanges.

The Company does not have a written Board Diversity Policy as at the date of this report. The composition of the Board is reviewed at least annually, or as and when appropriate by the NC to ensure that there is a mix of experience and expertise to enable the Company to benefit from a diverse perspective from directors of different background. The Company is in the process of implementing a written Board Diversity Policy before the end of the financial year ending 31 December 2022 to meet the requirements under Rule 710A of the Listing Rules.

All Directors have equal responsibility for the Company's operations by ensuring that the strategies proposed by Management are constructively challenged, fully discussed and examined, and that they take into account the long term interests of the Group's stakeholders, which includes shareholders, employees, customers and suppliers.

Mr Michael Chai, the Lead ID, leads and co-ordinates the activities of the NEDs and provides assistance to the NEDs to constructively challenge and help develop proposals on strategy, reviews the performance of Management in meeting agreed goals and objectives and monitors the reporting of performance.

To facilitate a more effective check on Management, NEDs are encouraged to meet regularly without the presence of Management. The NEDs who were not involved in the operations of the Group had met several times in FY2021 without the presence of Management.

Principle 3: Chairman and Chief Executive Officer
There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

To ensure a clear division of responsibilities and a balance of power and authority within the Company, the role of Chairman and the Group Chief Executive Officer ("**CEO**") of the Company are undertaken separately. Tan Sri Cheng is the Executive Chairman. The position of the Group CEO is currently vacant.

The division of responsibilities between the role of Chairman and the role of the Group CEO are set out in writing and endorsed by the Board. The Chairman leads the Board in adhering to and maintaining a high standard of corporate governance with the full support of the Directors and Management. He is responsible for, among others, the formulation of the Group's strategic directions and expansion plans and managing the Group's overall business development. As the Chairman of the Board, he approves the agenda of each Board meeting and ensures material information is provided to the Board to facilitate decision-making. He promotes a culture of openness and debate during Board meetings and facilitates the effective contribution of all Directors at Board meetings. The Chairman monitors communications and relations between the Company and its shareholders, between the Board and the Management and between independent and non-independent Directors, in order to facilitate and encourage constructive relations and dialogue among them.

The Group CEO's role is to be responsible for the day-to-day operations of the Group, implementing the Group's strategies and policies, and for conducting the Group's business. The Group CEO is required to attend the quarterly AC and Board meetings on the invitation of the AC and the Board and to update the AC and the Board on the strategic and operational business aspects of the Group.

In accordance with provision 3.3 of the Code, as the Chairman is not an ID, the Board has appointed Mr Michael Chai as the Lead ID of the Board. Shareholders with concerns may contact Mr Michael Chai directly, when contact through the normal channels via the Executive Chairman, the Group CEO and the Chief Financial Officer ("**CFO**") has failed to provide satisfactory resolution or when such contact is inappropriate or inadequate. As the Lead ID, he leads and encourages dialogue between the IDs without the presence of the other Directors at least once annually, and provides feedback to the Chairman after such meetings.

Principle 4: Board membership
The Board has a formal and transparent process for the appointment and re-appointment of directors, taking into account the need for progressive renewal of the Board.

The Board has established the NC which has its primary role in making recommendations to the Board on all appointments to the Board and the Board committees. In making such recommendations, the NC seeks to ensure that the Board is comprised of Directors with diversity of skills, experience, age and gender.

The NC comprises three Directors, the majority of whom, including the chairman of the NC, are independent. Mr Michael Chai, who is the Lead ID, is the Chairman of the NC.

Michael Chai Woon Chew – Chairman (Lead ID)
Koong Lin Loong – Member (ID)
Tan Sri Cheng Heng Jem – Member (ED)

The NC is regulated by a set of written terms of reference endorsed by the Board, and reviewed to take into account any regulatory changes. The duties and responsibilities of the NC include the following:-

- reviewing appointments and re-appointments to the Board and the Board committees and candidates for senior management positions;
- reviewing Board succession plans for Directors, in particular, the Chairman and the Group CEO, and key management personnel;
- developing a process and criteria for evaluation of the performance of the Board, the Board committees and individual Directors;
- reviewing the training and professional development programmes for the Directors;
- determining annually, and as and when circumstances require, if a Director is independent;
- ensuring that new directors are aware of their duties and obligations; and
- determining if a Director is able to and has been adequately carrying out his/her duties as a Director of the Company.

The NC has put in place a process for the selection and appointment of new Directors which includes identification of potential candidates, evaluation of candidates' skills, knowledge and experience and assessment of the candidate's suitability. All potential candidates, through the recommendation of the Directors, professional firms and associates, and if need be, through external consultants, will have their profile submitted to the NC for screening and selection. The NC will meet with the selected candidate to assess his/her suitability, before making its recommendations to the Board for the Board's approval.

In considering new appointment and re-appointment of Directors, the NC will consider important issues including the composition of the Board, the need to have progressive Board renewal, the individual Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) to the Board. All Directors appointed to the Board are required to submit themselves for re-election at regular intervals. The Company's Constitution provides that at each AGM, one-third of the Directors who have served the longest since their most recent election (or, if the number of Directors is not a multiple of three, the number nearest to but not less than one-third) must retire from office and may stand for re-election at that AGM. Each Director must retire from office and stand for re-election at least once every three years. The Company's Constitution further provides that a Director who is newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM. The NC member will abstain from deliberating and voting on his/her own nomination for re-election, and that of another Director who is related to him/her.

In accordance with Article 91 of the Articles of Association comprising part of the Constitution ("**Constitution**") of the Company, Tan Sri Cheng and Ms Vivien Cheng will retire at the forthcoming AGM. Mr Sam, who was appointed as an ID to the Board on 30 October 2020, shall retire as a director at the forthcoming AGM in accordance with Article 97 of the Constitution. Being eligible, Tan Sri Cheng, Ms Vivien Cheng and Mr Sam have submitted themselves for re-election. In this regard, the NC (save for Tan Sri Cheng who abstained from deliberating and voting on his own nomination and on the nomination of his daughter Ms Vivien Cheng), having considered the attendance and participation of Tan Sri Cheng, Ms Vivien Cheng and Mr Sam at the Board meetings, in particular, their contribution to the business and operations of the Company, has recommended their re-election. The Board has concurred with the NC's recommendation.

Information relating to the Directors, including those seeking re-election, detailing their qualification, directorships in other listed companies, their appointment to the Board of the Company and the date of their last re-election can be found on pages 177 to 183 of this Annual Report.

The NC has put in place a process to determine a Director's independence. Once a year, after each financial year end, a Form of Declaration of Independence or Non-Independence ("**Form**") will be sent to each of the Directors. The Form compels each Director to consider if he/she meets the criteria for independence under the Code. Having done so, the said Director will have to declare his/her independence or non-independence, and to sign and submit the duly completed Form to the Company Secretary. These duly signed Forms will be tabled at the NC meeting for the NC's review. While the NC is not bound by the Director's declaration, the disclosures contained in each Form will assist the NC in making its determination. In addition to the Form, the NC will also assess whether the Director has exercised and can continue to exercise independent judgement. In addition to this annual review, the NC is also committed to convening a meeting as and when circumstances prevail which calls for a review of a Director's independence. The NC will present its findings to the Board for the Board's review.

The NC (save for Mr Michael Chai and Mr Koong who abstained from deliberating their own independence) reviewed the independence of Mr Michael Chai, Mr Koong and Mr Sam. The NC noted that Mr Michael Chai, Mr Koong and Mr Sam have no relationship with the Company, its related corporations, its 5% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company, and they had exercised objective judgement on corporate affairs independently from Management.

The Board concurred with the views of the NC on the independence of the IDs. Each of the IDs had abstained from deliberating and deciding on his own independence.

The Company was listed on the SGX-ST on 03 November 2011 and none of the IDs have served on the Board for more than nine (9) years. The Company will ensure its compliance, where necessary, to Rule 210(5)(d)(iii) of the Listing Rules which came into effect from 1 January 2022, where the re-appointment of IDs who have served on the Board beyond nine (9) years from the date of their first appointment are to be subjected to a two-tier shareholders' voting.

In the event that a Director has multiple board representations or other principal commitments, the NC will determine whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company. The NC and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful. The contribution of each Director would depend on his/her individual circumstances, including whether or not he has a full time vocation or other responsibilities, his/her individual capabilities and the nature and the complexity of the organisations in which he/she holds appointments. The NC, with the concurrence of the Board, was satisfied that each of the Directors is able to and had adequately carried out his/her duties as a Director of the Company in FY2021, and had given sufficient time and attention to the affairs of the Company.

The NC would generally avoid recommending to the Board the appointment of alternate Directors. It holds the view that alternate Directors should only be appointed for limited periods in exceptional cases such as when a Director has a medical emergency. If the appointment of an alternate Director is deemed necessary, the NC would ensure that the alternate Director is appropriately qualified, knows the duties and responsibilities of a Director, and is familiar with the Group's business affairs.

Principle 5: Board Performance
The Board undertakes a formal annual assessment of its effectiveness as a whole, and that of each of its board committees and individual directors.

The Board has implemented a set of objective performance criteria and process for the NC to assess the effectiveness of the Board and its Board committees through a confidential questionnaire (covering areas such as the effectiveness of the Board and its Board committees in its monitoring role and the ability to attain strategic and effective risk management, the Board and its Board committees' response to problems and crisis etc. and long-term objectives set out by the Board) which is completed by each Director individually. The performance criteria and process have been endorsed by the NC and the Board.

The assessment of individual Directors is done through self-assessment as well as peer-assessment on areas such as the contribution of each individual Director to the effectiveness of the Board, whether each Director continues to contribute effectively and demonstrate commitment to the role, in each case through a confidential questionnaire completed by each Director individually.

A summary of the completed assessment questionnaires is compiled by the Company Secretary and is submitted to the NC for their review and then presented to the Board. The Board will act on the results of the performance evaluation, and, in consultation with the NC, proposes the re-election of Directors, and where appropriate, new members to be appointed to the Board or seek the resignation of Directors who are not able to commit their time and contribute effectively to the Board.

The last Board, Board committees and individual Directors' evaluations were conducted in January 2022 in accordance with the procedures adopted by the Board. No external facilitator/consultant was engaged to assist with this performance evaluation exercise. The Board was satisfied that the Board as a whole and its Board committees were effective and that each and every Director had demonstrated their commitment to and had contributed to the effective functioning of the Board and the Board committees.

Principle 6: Procedures for Developing Remuneration Policies
The Board has a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC has been constituted to recommend to the Board a framework of remuneration for the Directors and key management personnel, and to determine specific remuneration packages for each Director and the key management personnel. The RC comprises the following three Directors, all of whom are non-executive and the majority of whom, including the chairman of the RC, are independent:

Koong Lin Loong – Chairman (ID)
Ng Tiak Soon[(1)] – Member (ID)
Michael Chai Woon Chew – Member (Lead ID)
Sam Chong Keen[(2)] – Member (ID)

(1) Retired at the Company's AGM held on 30 October 2020, and ceased to be the Chairman of the AC and a member of the RC.
(2) Appointed on 30 October 2020 as an Independent Director, and a member of the AC and RC.

The RC is regulated by a set of written terms of reference, endorsed by the Board, setting out their duties and responsibilities, which include, among other things:

- ensuring a formal and transparent procedure for developing policies on executive remuneration;
- reviewing and recommending to the Board a general framework of remuneration for the Board and Management;
- reviewing and recommending to the Board the specific remuneration packages for each of the Directors and key management personnel, which is submitted for approval by the Board; and
- reviewing the Company's obligations arising in the event of termination of key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

In reviewing the Directors' fees and the key management personnel's compensation packages, the RC will consider all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind. The RC member will abstain from deliberating and voting on his/her own remuneration. The RC will seek expert advice on remuneration matters if necessary. No external consultant was engaged to advise on remuneration matters in FY2021.

The termination clauses in the contracts of service of key management personnel are fair and reasonable, and not overly generous. The RC aims to be fair in rewarding the key management personnel and is cautious not to reward poor performance.

Principle 7: Level and Mix of Remuneration
The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objective of the company.

The Company sets key performance indicators ("**KPIs**") for the key management personnel. A portion of the compensation package is subject to the key management personnel meeting the set KPIs. The RC seeks to achieve a level and mix of remuneration that is able to attract, retain and motivate the key management personnel to manage the company for the long term, and to ensure that a significant and appropriate proportion of the remuneration is structured so as to link rewards to corporate and individual performance. This is to align the interests of the key management personnel with those of shareholders and other stakeholders and to promote and ensure the long-term success of the Company.

The Company has in place the Parkson Retail Asia Limited Employee Share Option Scheme (the "**ESOS**"). The Company has not granted any share options under the ESOS.

At the moment, the Company and its subsidiaries do not have any contractual provisions to reclaim the incentive components of remuneration from key management personnel in exceptional circumstances, including for example, misstatement of financial results or misconduct resulting in financial loss to the Company.

The EDs do not have employment relationship or any service contracts with the Group and/or the Company. They receive basic Directors' fees from the Company in the same manner as the NEDs.

The NEDs do not have any service contracts. They are paid a basic fee and an additional fee for serving on the AC, which is appropriate to the level of contribution, taking into account factors such as effort, time spent, and responsibilities. The RC is also mindful of not over-compensating the NEDs to the extent that their independence may be compromised. The Directors' fees are subject to approval by shareholders at the AGM. Except as disclosed, the NEDs do not receive any other remuneration from the Company for their Board service.

The Directors' fee structure is as follows:

Fee Structure (annual basis) for FY2022		
Board	Audit Committee	
Members	Chairman	Members
S$33,000	S$6,000	S$3,000

The fee payable will be prorated accordingly if a Director occupies the position for part of the financial year only.

The RC had recommended to the Board a maximum amount of S$250,000 as the total Directors' fees to be paid for the financial year ending 31 December 2022 payable quarterly in arrears (FY2021: S$250,000). This recommendation will be tabled for shareholders' approval at the AGM.

Principle 8: Disclosure on Remuneration
The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

A breakdown, showing the level and mix of each individual Director's remuneration for FY2021 is as follows:

	Fee & Allowance %	Salary %	Variable Bonus %	Contribution to Defined Contribution Plan %	Benefits %	Total %	Total S$'000
Executive Directors							
Tan Sri Cheng Heng Jem	100	-	-	-	-	100	52.5
Cheng Hui Yuen, Vivien	100	-	-	-	-	100	52.5
Non-Executive Directors							
Michael Chai Woon Chew	100	-	-	-	-	100	60.5
Koong Lin Loong	100	-	-	-	-	100	57.0
Sam Chong Keen[(1)]	100	-	-	-	-	100	44.5
Ng Tiak Soon[(2)]	100	-	-	-	-	100	13.0
							280.0

(1) Appointed on 30 October 2020 as an Independent Director and a member of the AC and RC.
(2) Retired at the Company's AGM held on 30 October 2020.

The remuneration (individually within the band of S$250,000) of the top five key management personnel for FY2021 (excluding the Directors and the Group CEO) is disclosed in the table below:

	Salary %	Variable Bonus %	Contribution to Defined Contribution Plan %	Benefits %	Total %
Key Management Personnel					
Law Boon Eng	68	23	4	5	100
Chang Chae Young	62	-	-	38	100
Gui Cheng Hock	86	-	2	12	100
Chua Tian Pang	70	17	11	2	100
Tay Boon Hock	74	15	11	-	100

For FY2021, the aggregate total remuneration paid to the top five key management personnel (excluding the Directors) was S$1,243,442.

Ms Cheng Hui Yen, Natalie, who is the daughter of Tan Sri Cheng, the Executive Chairman and a substantial shareholder, has an employment relationship with a subsidiary of the Company, and has received remuneration (comprising salary, variable bonus, contribution to defined contribution plan and other benefits) within the band of S$180,000 to S$230,000 in FY2021. The basis for determining her remuneration was the same as the basis for determining the remuneration of other employees. Save as disclosed, there are no employees who have relationship with the Directors, CEO or substantial shareholder.

There are no existing or proposed service agreements entered into or to be entered into by the Company or any of its subsidiaries with any of the Directors or key management personnel which provides for benefits (in the form of stock options, pensions, retirement or other benefits) upon termination of employment, retirement or post-employment.

The Company had on 12 October 2011 adopted the ESOS, representing share-based incentive options of the Company. As at 31 December 2021, no options under the ESOS have been granted.

The main features of the ESOS are as follows:

(a) The EDs, NEDs and confirmed employees of the Group shall be eligible to participate in the ESOS at the absolute discretion of the RC.

(b) The aggregate number of shares over which the RC may grant options, when added to the number of shares issued and issuable in respect of (i) all options granted under the ESOS, and (ii) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company, must not exceed 15% of the issued shares of the Company (excluding treasury shares), provided that in relation to controlling shareholder(s) and/or associate(s) of controlling shareholder(s):

- the aggregate number of shares which may be offered by way of grant of options to participants who are controlling shareholder(s) and/or associate(s) of controlling shareholder(s) must not exceed 25% of the total number of shares available under the ESOS and such other share-based incentive schemes of the Company; and

- the aggregate number of shares which may be offered by way of grant of options to each participant who is a controlling shareholder or his/her associate under the ESOS must not exceed 10% of the total number of shares available under the ESOS and such other share-based incentive schemes of the Company.

(c) The options granted under the ESOS may have exercise prices that are set at (i) a price (the "**Market Price**") equal to the average of the last dealt market price of the shares for the five consecutive market days preceding the date of grant of the relevant option; or (ii) a discount to the Market Price (subject to a maximum discount of 20%).

(d) The ESOS will continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the Company's shareholders and of any relevant authorities which may be required.

Further details of the ESOS have been provided in the Company's prospectus dated 27 October 2011.

Principle 9: Risk Management and Internal Controls
The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for the governance of risk, including the nature and extent of the significant risks that the Company is willing to take. The Board oversees the Company's risk management framework and policies, and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the Company's shareholders' investments and the Company's assets. The Board continuously reviews its risk assessment process with a view to improve the Company's internal control system where required.

The Company maintains a tailored governance structure with defined lines of responsibility and appropriate delegation of responsibility and authority to Management.

The Board regards risk management as an integral part of business operations and delegates responsibility for the Group's risk governance to the AC. A Corporate Risk Management System implementing an Enterprise Wide 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. Management plays a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management scorecards and reporting the status to the AC. Management also assesses all material and key risks associated with the Group's businesses and operations as well as corporate proposals.

For FY2021, the AC received the Risk Management Report on a half-yearly basis and the key risks were discussed at the AC meetings where the Risk Management Report is presented.

The internal audit team performs detailed work to assist the AC in the evaluation of internal controls, financial and accounting matters, compliance, business and financial risk management including controls in the critical IT system.

As the position of the Group CEO is currently vacant, the Board has received written assurance:-

(a) from the Executive Chairman and CFO that as at FY2021, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

(b) from the Executive Chairman, CFO and other key management personnel who are responsible, regarding the adequacy and effectiveness of the Group's risk management and internal control systems in addressing key financial, operational, compliance and information technology risks.

The Board, with the concurrence of the AC, is of the opinion that, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management, the various Board committees and the Board and the written assurance from the Executive Chairman and CFO, the Group's internal controls addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate as at 31 December 2021 and where certain weaknesses were identified, these have been addressed by the Management. It should be noted that the system of internal controls and risk management can provide only reasonable, but not absolute, assurance against financial misstatements or loss, and of safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with all relevant legislation. The Board will continue its on-going risk assessment process with a view to improve the Company's internal controls system.

Principle 10: Audit Committee
The Board has an Audit Committee which discharges its duties objectively.

The AC comprises the following three Directors, all of whom are non-executive and the majority of whom, including the chairman of the AC, are independent:

Ng Tiak Soon[(1)] – Chairman (ID)
Michael Chai Woon Chew[(2)] – Chairman (Lead ID)
Koong Lin Loong – Member (ID)
Sam Chong Keen[(3)] – Member (ID)

(1) Retired at the Company's AGM held on 30 October 2020, and ceased to be the Chairman of the AC and a member of the RC.
(2) Appointed as the Chairman of the AC with effect from 30 October 2020.
(3) Appointed on 30 October 2020 as an Independent Director, and a member of the AC and the RC.

The AC is regulated by a set of written terms of reference endorsed by the Board, setting out their duties and responsibilities, which include, among other things:

- reviewing the significant financial reporting issues and judgements to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;

- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;

- reviewing and reporting to the Board, at least annually, on the adequacy and effectiveness of the Group's internal controls and risk management systems addressing key financial, operational, compliance and information technology controls, including procedures for entering into hedging transactions, and risk management policies and systems established by Management ("**internal controls and risk management systems**"), ensuring that such review of the effectiveness of the internal controls and risk management systems is conducted at least annually;

- reviewing the assurances received from the Executive Chairman and CFO on the financial records and financial statements;

- reviewing, with the external auditor, the adequacy, effectiveness, independence, scope and results of the external audit, including the external auditor's evaluation of the system of internal accounting controls in the course of the audit of the Group's financial statements;

- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

- reviewing the adequacy, effectiveness, independence, scope and results of the Group's internal audit function;

- appraising and reporting to the Board on the audits undertaken by the external auditor and internal auditor, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

In addition to the duties listed above, the AC shall be responsible for reviewing the policy and arrangements by which staff of the Company and any other persons may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure that arrangements are in place for such concerns to be raised and independently investigated, and for appropriate follow-up action to be taken.

The AC is also authorised by the Board to investigate any matter within its terms of reference and has full access to, and co-operation of Management. It also has full discretion to invite any Director or executive officer to attend its meetings. It has adequate resources to enable it to discharge its functions properly.

The Board is of the view that all the members of the AC are appropriately qualified to discharge their responsibilities.

Mr Michael Chai, the AC Chairman, is a partner of a legal firm serving a wide range of large multinationals, public limited companies as well as private businesses, financial institutions and individuals. Mr Koong is the Managing Partner of Reanda LLKG International and the CEO of K-Konsult Taxation Sdn Bhd. Mr Sam, having held in senior/CEO positions in various companies/industries, has a wealth of management experience. Please refer to the profile of the Directors in the "Board of Directors" section in this Annual Report.

The AC does not comprise former partners or directors of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The AC held six meetings in FY2021. All of these meetings were attended by the key management personnel at the invitation of the AC. The Group's external auditor was also present at these meetings.

The AC met with the external and the internal auditors without the presence of the EDs and Management at least three times in FY2021 (on 24 August 2020, 4 February 2021 and 12 November 2021).

The AC also reviewed the Group's quarterly and full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group and the auditor's report on the annual financial statements of the Group and Company for FY2021 prior to making recommendations to the Board for approval.

To achieve a high standard of corporate governance for the operation of the Group, the Group has implemented a whistle-blowing policy. Details of the whistle-blowing policies and arrangements have been made available to all employees, suppliers and customers. The policy provides channels through which staff and stakeholders can raise concerns on financial reporting improprieties and other matters. The AC is responsible for oversight and monitoring of whistle-blowing and ensures that such concerns are independently investigated and that appropriate follow-up action will be taken. Further to this, the Group has also put in place a Code of Conduct for Vendors, which also requires them to make declaration on an annual basis that they have read the Code of Conduct and that they are in compliance. For the customers, the Company has placed boxes in strategic locations within the department stores for them to provide their feedback and comments. Whistle blowers may write to the Chairman of the AC, to communicate any information about fraudulent actions and breaches of ethics directly and anonymously using the whistleblowing email of the ID via whistleblowing@parkson.com.my. The Group ensures that the identity of the whistle blower is kept confidential unless the disclosure of the identity is required by any applicable law. The Group also commits to ensure protection of the whistle blower against detrimental or unfair treatment.

The Company had on 13 August 2021 changed its external auditor from Ernst & Young LLP to Foo Kon Tan LLP.

The AC, having reviewed the audit and non-audit fee of the external auditor, Foo Kon Tan LLP, and is of the opinion that the independence or objectivity of the external auditor is not compromised in this regard. The external auditor has affirmed its independence in this respect. The aggregate amount of fees paid/payable by the Group to the Group's external auditor are as follows:-

	31 December 2021	
	S$'000	**%**
Audit services	386	99%
Non-audit services	3	1%
	389	100%

The AC has recommended the re-appointment of Foo Kon Tan LLP as external auditor at the Company's forthcoming AGM.

The Company confirms that it has complied with Rules 712 and 715 or 716 of the Listing Rules in relation to its auditors. Please refer to the "Corporate Information" section in this Annual Report for the details of auditors of the Company.

The AC members also kept abreast of the changes to accounting standards and issues which have a direct impact on financial statements through periodic meetings with the external auditor and opportunities to attend external seminars at the Company's expense.

Mr Ng was a Senior Partner of Ernst & Young LLP prior to his retirement in June 2005. He does not have any financial interest in Ernst & Young LLP subsequent to his departure.

Internal Audit

The internal audit department ("**IAD**") is a department independent of Management. The chief auditor of the IAD ("**Chief Auditor**") has a direct and primary reporting line to the Chairman of the AC. As the position of Group CEO is currently vacant, the Chief Auditor reports administratively to the Executive Chairman. The AC approves the hiring, removal, evaluation and compensation of the Chief Auditor.

The internal audit team, which is independent of the Group's daily operations and accounting functions, has unfettered access to all of the Group's documents, records, properties and personnel. The Chief Auditor is responsible for establishing the Group's internal control framework, covering all material controls including financial and accounting matters, operational and compliance controls. The internal control framework also provides for identification and management of risk, including controls in the critical IT system. The internal audit team is adequately resourced and staffed with persons with the relevant qualifications and experience.

All internal audit activities of the Group are guided by the International Professional Practices Framework of Internal Auditing, the Internal Audit Charter approved by the AC of the Board as well as policies and procedures of the Group.

An annual risk-based internal audit plan is presented by IAD to the Audit Committee for approval after having reviewed the adequacy of the scope, functions and resources of IAD as well as the competency of the internal auditor. IAD adopts a risk-based approach and prepares its plan based on the risk profiles of the auditable units in alignment with the strategic objectives of the Group.

The Chief Auditor formulates the engagement plans based on the approved annual internal audit plan with a team of auditors, conducts periodic independent reviews on the operations of individual divisions to identify any irregularity and risk, develops action plans and recommendations to address the identified risks, and reports to the AC on any key findings and progress of the internal audit process. The AC, in turn, reports to the Board on any material issues and makes recommendations to the Board.

The AC reviews the independence, adequacy and effectiveness of the internal audit function on a quarterly basis when the AC receives the internal audit report at the quarterly AC meetings.

For FY2021, the AC is satisfied that the internal audit function was independent, effective and adequately resourced, with appropriate standing within the Group.

Principal 11: Shareholder Rights and Conduct of General Meetings
The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

The Company recognises the importance of maintaining transparency and accountability to its shareholders. The Board ensures that all the Company's shareholders are treated equitably and the rights of all investors, including non-controlling shareholders are protected.

The Company is committed to providing shareholders with adequate, timely and sufficient information relating to changes in the Company or its business which would be likely to materially affect the price or value of the Company's shares.

General meetings of the Company are the main channel where shareholders could interact with Directors, Management and the external auditors, to understand the Group's business and also for the Company to understand shareholders' concerns or their views.

The Company will ensure that shareholders have the opportunity to participate effectively in and vote at general meetings of shareholders. Shareholders will be informed of rules, including voting procedures that govern general meetings of shareholders.

A shareholder who is unable to attend the general meeting may appoint a proxy(ies) to vote on his/her behalf. Pursuant to the amendments to the Companies Act, a member which is a relevant intermediary (as defined in the Companies Act), which generally includes Singapore banks and nominee or custodial service providers, as well as the Central Provident Fund Board, may appoint more than two proxies to attend, speak and vote at the AGM, provided that each appointed proxy represents a different share or shares held by such member. Other shareholders are allowed to appoint up to two proxies to attend the general meetings.

At the general meetings, separate resolutions will be proposed for each subject matter/issue respectively. The Company will generally avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal. Where the resolutions are 'bundled', the Company will explain the reason and material implications in the notice of meeting.

The Directors and the Chairman of the AC, NC and RC, or members of the respective Board committees standing in for them are present at the AGM to address shareholders' queries. The external auditor is also invited to attend the AGM and is available to assist the Directors in addressing any relevant queries by shareholders relating to the conduct of the audit and the preparation and contents of the auditor's report.

Appropriate senior management personnel/members are also present at general meetings to respond, if necessary, to operational questions from shareholders.

All the resolutions put to the vote at the forthcoming AGM will be voted on by poll and the detailed results of the poll will be announced via SGXNet. Polling may be conducted in manual or electronic form. In determining which polling mode to take, the Company will take into consideration the historical expected turnout at general meetings and the relevant costs involved for each polling mode.

The Company will also prepare minutes of general meetings that include substantial comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and will make such minutes available to shareholders by posting the minutes on the Company's website at http://www.parkson.com.sg/minutes-of-agm-2/ as soon as practicable.

The Company will be holding its forthcoming AGM by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trust and Debenture Holders) Order 2020 ("**Order**"). Pursuant to the Order, the Company will not publish the notice of AGM in the newspaper or despatch the annual report and the notice of AGM to shareholders for the upcoming AGM. Such procedures will continue until the Order is no longer effective or necessary.

In view of the COVID-19 pandemic, shareholders will not be able to attend the AGM in person but may observe the proceedings of the forthcoming AGM via an audio-and-video webcast or an audio-only feed. Shareholders are to appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM. In line with the procedures for the forthcoming AGM which will be conducted via electronic means, shareholders should submit their written questions related to the resolutions to be tabled at the forthcoming AGM in advance of the lodgment of the proxy forms for the AGM, in accordance with the instructions set out in the notice of the forthcoming AGM ("**Notice**"). The Board and Management shall address all relevant and substantial questions and will endeavour to publish its responses to those questions on the Company's website and SGXNET at least 48 hours prior to the closing date and time for the lodgment of the proxy forms. Where substantial and relevant questions submitted by shareholders are unable to be addressed prior to the AGM, the Board and Management will address them during the AGM. Please refer to the Notice dated 14 April 2022 for more information. The Company will publish the minutes of the forthcoming AGM on the Company's website and SGXNET within one (1) month after the date of the forthcoming AGM.

The Board does not have a fixed dividend policy at present. The form, frequency and amount of interim/final dividends to be declared each year will be decided/recommended by the Board after taking into consideration the Group's profit, growth, cash position, positive cash flows generated from operations, projected capital requirements for the Group's business growth, general business conditions, and other factors as the Board may deem appropriate. No dividend has been declared in FY2021 in view of the net losses recorded by the Company.

Principal 12: Engagement with Shareholders
The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

The Company values dialogue with its shareholders. The Company believes in regular, effective and fair communication with its shareholders and is committed to hearing shareholders' views and addressing their concerns, where possible, through analyst briefings, investor roadshows or investors' day briefings. The Company does not have an Investor Relations department. The investor relations functions are performed by the Executive Chairman and CFO.

The Company's investor relations policy is that all shareholders should be equally informed of all major developments and events that impact the Company in a timely manner. Results and annual reports are announced or issued within the mandatory period as prescribed under the Listing Rules. Briefings for the full year results are conducted for analysts and institutional investors, if necessary, following the release of the results on SGXNet. Presentations are made, as appropriate, to explain the Group's strategy, performance and major developments. All analysts' and institutional investors' briefing materials are made available to shareholders on SGXNet. In the event that inadvertent disclosure is made to a select group, the Company will ensure that the same disclosure is announced to the public via the SGXNet.

The Board welcomes the view of shareholders on matters affecting the Group, whether at shareholders' meetings or on an ad-hoc basis. The Company's website at www.parkson.com.sg is another channel to solicit and understand the views of the shareholders.

Principle 13: Engagement with Stakeholders
The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

The Company regularly engages with its stakeholders through various channels to ensure that the Group's business interests are aligned with those of its stakeholders, and to understand and address any concerns that stakeholders may have so as to improve the Group's businesses. The stakeholders of the Group have been identified as parties who are impacted by the Group's businesses and operations, including employees, customers, suppliers/vendors, shareholders and investors, government and regulators, and the community.

The Company has in place a sustainability policy ("**SR Policy**") covering the Group's sustainability strategies, reporting structure, materiality assessment and processes in identifying and monitoring the material environmental, social, governance ("**ESG**") factors which are important to stakeholders. Under the SR Policy, the material ESG factors are monitored, reviewed and updated from time to time by the Board, taking into account the feedback received from the Group's engagement with its stakeholders, organizational and external developments. A copy of the SR Policy is posted on the Company's website at http://www.parkson.com.sg/investor-relations/sustainability-reports/.

All material information, including financial results announcements, would be disclosed and announced through SGXNet in a timely manner. The Company does not practice selective disclosure. In the event that inadvertent disclosure is made to a select group, the Company will ensure that the same information is disclosed to the public via the SGXNet. Released announcements on the financial results and the past Annual Reports are available on the Company's website at www.parkson.com.sg. The website is updated regularly and provides information on the Group and the Company which serves as an important resource for investors and stakeholders.

ADDITIONAL INFORMATION

DEALINGS IN SECURITIES

The Group has adopted an internal code on securities trading which provides guidance and internal regulation with regard to dealings in the Group's securities by its Directors and officers that take into account the best practices on dealings in securities under Rule 1207(19) of the Listing Rules as well as insider trading laws in Singapore. The Group's internal code prohibits its Directors and officers from dealing in listed securities of the Group while in possession of unpublished material or price-sensitive information in relation to such securities and during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Group's financial year and one month before the date of announcement of the full year financial results. Directors and officers are also prohibited from dealings in the Group's securities on short-term considerations.

MATERIAL CONTRACTS

Other than as disclosed, there are no material contracts of the Group involving the interests of any Director or controlling shareholder entered into during the financial year that is required to be disclosed under the Listing Rules.

INTERESTED PERSON TRANSACTIONS ("IPTs")

All IPTs will be documented and submitted quarterly to the AC for their review to ensure that such transactions are carried out on an arm's length basis and on normal commercial terms and not prejudicial to the Company.

The AC has reviewed the IPTs for FY2021. The aggregate value of the material IPTs between the Group and the interested persons for FY2021 are as follows:-

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Lion Corporation Berhad (1)	Associate of Tan Sri Cheng Heng Jem, a director and controlling shareholder of the Company ("**Tan Sri Cheng**")	-	4,884
Parkson Holdings Berhad Group (2)	Associate of Tan Sri Cheng	604(i)	2,500(ii)
Lion Posim Berhad (3)	Associate of Tan Sri Cheng	-	661
Visionwell Sdn Bhd (4)	Associate of Tan Sri Cheng	-	505

Notes:

(1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S$4.526 million; and

(b) Purchase of equipment, furniture and fittings, security equipment and procurement of security service totaling S$0.358 million;

(2) (i) (a) Interest expense of S$0.413 million in relation to loan obtained from the ultimate holding company; and

(b) Royalty expense totaling S$0.191 million.

(ii) (a) Rental income and store management fee totaling S$0.423 million; and

(b) Net purchase of merchandise, concessionaire sales and sale of gift vouchers totaling S$2.077 million.

(3) Purchase of building materials and merchandise, sale of gift vouchers and rental income.

(4) Rental of office space.

The directors are pleased to present their statement to the members together with the consolidated financial statements of the Group for the financial period from 1 July 2020 to 31 December 2021 and the statement of financial position of the Company as at 31 December 2021.

In the opinion of the directors,

(a) the accompanying financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Group for the financial period from 1 July 2020 to 31 December 2021 in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regards to the information as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

The directors of the Company in office at the date of this statement are:

Tan Sri Cheng Heng Jem
Cheng Hui Yuen, Vivien
Michael Chai Woon Chew
Koong Lin Loong
Sam Chong Keen (appointed on 30 October 2020)

Arrangements to enable directors to acquire benefits by means of the acquisition of shares and debentures

Neither at the end of nor at any time during the financial period from 1 July 2020 to 31 December 2021 was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Directors' interest in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial period had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interest		Deemed interest	
The Company -	As at	**As at**	As at	**As at**
Parkson Retail Asia Limited	1.7.2020	**31.12.2021**	1.7.2020	**31.12.2021**
(Number of ordinary shares)				
Tan Sri Cheng Heng Jem	500,000	**500,000**	457,933,300	**457,933,300**
The ultimate holding company -				
Parkson Holdings Berhad				
(Number of ordinary shares)				
Tan Sri Cheng Heng Jem	286,923,039	**286,923,039**	341,532,045	**339,994,089**
Related corporation -				
Parkson Retail Group Limited				
(Number of ordinary shares of HKD0.02 each)				
Tan Sri Cheng Heng Jem	-	-	1,448,270,000	**1,448,270,000**

The immediate holding company of the Company is East Crest International Limited ("ECIL"). Parkson Holdings Berhad ("PHB") is the sole shareholder of ECIL and as such, is deemed to be interested in the shares of the Company held by ECIL. Tan Sri Cheng Heng Jem has a direct interest in 25.64% and a deemed interest in 30.39% of the voting shares in PHB, and as such by virtue of his control of the exercise of not less than 20.0% of the votes attached to the voting shares in PHB, is deemed to be interested in the shares of the Company held by ECIL.

By virtue of Section 7 of the Act, Tan Sri Cheng Heng Jem is deemed to be interested in the shares held by the Company in its subsidiaries.

There were no changes in any of the above-mentioned interests in the Company between the end of the financial period and 21 January 2022.

Share options

No options were issued by the Company or its subsidiaries during the financial period from 1 July 2020 to 31 December 2021. As at 31 December 2021, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

Employee share option scheme

The Company has an employee share option scheme known as the Parkson Retail Asia Limited Employee Share Option Scheme (the "ESOS") which was approved and adopted on 12 October 2011. Since the commencement of the ESOS and as at 31 December 2021, no options under the ESOS have been granted by the Company.

Audit committee

The Audit Committee during the financial period from 1 July 2020 to 31 December 2021 and at the date of this statement comprises the following members, all of whom are independent and non-executive directors of the Company:

Michael Chai Woon Chew (Chairman)
Sam Chong Keen
Koong Lin Loong

The Audit Committee performs the functions set out in Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. The functions performed are detailed in the Corporate Governance Report in the Annual Report.

In appointing the auditors of the Company, the subsidiaries and the significant associated companies, Rules 712 and 715 of the SGX Listing Manual have been complied.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
TAN SRI CHENG HENG JEM

....
CHENG HUI YUEN, VIVIEN

Dated: 8 April 2022

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (the "Group"), which comprise the statements of financial position of the Group and of the Company as at 31 December 2021, and the consolidated statement of profit or loss and consolidated statement of other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial period from 1 July 2020 to 31 December 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial period from 1 July 2020 to 31 December 2021.

Basis for Qualified Opinion

The Group

<u>PT Tozy Sentosa ("PT Tozy") (a subsidiary in liquidation)</u>

On 18 May 2021, the Board of Directors of the Company announced that the Company has ceased to have control over PT Tozy. This is because PT Tozy is now managed and supervised in accordance with the Bankruptcy Proceedings. Details of the occurrence of events is elaborated in Note 36 to the financial statements. The financial performance, changes in equity and cash flows of the financial statements of PT Tozy is consolidated up to the date where loss of control occurred (i.e. 17 May 2021) based on unaudited management accounts for which management of the Group has made certain assessments to the financial numbers, where practicable.

- *Opening balance*

We were appointed auditors of the Company on 25 August 2021. In so far as to the opening balance is concerned, we were not allowed access to the working papers of preceding auditors and no alternative procedures can be made possible as all books and records were in the hands of Receivers. All financial information obtained by us are publicly available to the creditors. For this reason, we were unable to ascertain whether there are any possible adjustments to be made in respect of the prior year under review.

During the financial period from 1 July 2020 to 17 May 2021, the Group made an impairment on PT Tozy's right-of-use assets and property, plant and equipment to the sum of SGD35,124,000 and SGD4,595,000 respectively to which we were unable to ascertain the extent to which the impairment made may relate to the prior year and whether the basis of impairment was appropriately applied given the fact that PT Tozy went into debt restructuring in March 2021.

Basis for Qualified Opinion (Cont'd)

The Group (Cont'd)

PT Tozy Sentosa ("PT Tozy") (a subsidiary in liquidation) (Cont'd)

- *Limitation of scope beyond the control of the Company*

The aforesaid matters as described in the preceding paragraphs cause a limitation of scope for which the circumstances are beyond the control of the Company as to the timing and nature of the audit work for the financial period up to the date of deconsolidation on the ground of loss of control where we were unable to obtain sufficient appropriate audit evidence by performing alternative as to the financial numbers of the assets and liabilities and profit or loss to the date of the deconsolidation of the said subsidiary. To the extent of the presentation of the consolidated financial statements of the Group, the management has recognised that the loss of control of PT Tozy is not within discontinued operations.

Further, there were two items of assets in the balance sheet of PT Tozy as at 17 May 2021 for which we were unable to determine the recoverable amounts of property, plant and equipment under SFRS(I) 1-36 *Impairment of Assets* and other receivables under SFRS(I) 9 *Financial instruments* when applying the derecognition of the subsidiary to which a gain on deconsolidation of SGD13,666,000 and the write back of liabilities totalling SGD53,893,000 were recognised in the consolidated profit or loss:

i. In so far as to property, plant and equipment of approximately SGD13,843,000 as at 17 May 2021, we understand that auctions carried out on 27 January 2022 and 22 March 2022 did not fetch any significant bidder, the value of SGD13,843,000 as provided in the unaudited management accounts was based on book value. We were unable to ascertain the realisable value of the property, plant and equipment as there is no possible way to perform alternative procedure.

ii. Similarly, we were unable to determine the recoverable amount of SGD1,583,000 of the other receivables as reported in the unaudited management accounts as no information has been provided from the Receivers' office as to the recoverable amount.

During the financial period ended 31 December 2021, the translation reserve of SGD1,089,000 arising from the translation of a foreign operation previously recognised in other comprehensive income was subsequently reclassified from other comprehensive income to profit or loss upon the loss of control. However, we were unable to determine the correctness of the amount.

Had the effect on the adjustments been made, the impact would increase the loss for the current financial period and corresponding adjustment to the gain on deconsolidation of the said subsidiary.

Basis for Qualified Opinion (Cont'd)

The Company

Investment in PT Tozy

We were appointed as auditors of the Company on 25 August 2021. Based on the 2020 audited financial statements, the Company made an impairment loss of SGD14,145,000 on the investment in PT Tozy. The assumptions applied to the underlying impairment was a pre-tax discount rate of 19.28% and long term growth rate of 2%. The cashflow projection was not made available for our review. PT Tozy has been placed in liquidation since 17 May 2021. We were unable to satisfy ourselves by alternative means as no alternative procedures can be made possible for us to satisfy ourselves as all books and records were in the hands of Receivers in respect of the investment in PT Tozy.

To the extent of the opening balance, as the non-monetary unquoted investment in subsidiary is measured in a foreign currency, we were unable to determine the extent of the effect of possible impairment loss recognised in functional currency and the resulting effect on the exchange differences of SGD1,966,000 (30 June 2020 - SGD1,966,000) included in the amount of SGD30,555,000 (30 June 2020 - SGD31,736,000) as at 31 December 2021 as disclosed in Note 6 to the financial statements. For this reason, we were unable to ascertain the extent of the impairment loss made in FY2020 and whether any possible adjustments to be made in respect of the prior year and current period under review. The said subsidiary has been placed in liquidation during the current financial period. As the cost of investment of PT Tozy has been fully impaired since the previous financial year and written off in the current financial period, there is no impact to the realisable value of investment at period end.

In relation to the comparability of the current period's figures and the corresponding figures of the above matter, we could not ascertain the possible effect on the corresponding figures thereon.

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") *Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities* ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2(a) to the financial statements. The Group incurred a net loss from continuing operations before taxation of SGD63,086,000 (excluding gain on deconsolidation and write back of liabilities relating to a subsidiary in liquidation, PT Tozy) (Year ended 30 June 2020 - SGD73,216,000) for the financial period from 1 July 2020 to 31 December 2021. As of that date, the Group's and Company's current liabilities exceeded their current assets by SGD102,558,000 and SGD13,291,000 (30 June 2020 - SGD117,365,000 and SGD7,241,000) respectively, and the Group's total liabilities exceeded its total assets by SGD49,257,000 (30 June 2020 - SGD65,960,000). The Group's operations were significantly impacted by movement restrictions, lockdowns and store closures caused by the prolonged effects of COVID-19 pandemic in its key markets. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As disclosed in Note 2(a), the ability of the Group to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations to meet working capital needs.

Material Uncertainty Related to Going Concern (Cont'd)

Vietnam subsidiaries

The financial statements of two entities in Vietnam, namely Parkson Vietnam Co Ltd ("Parkson Vietnam") and Parkson Haiphong Co Ltd ("Parkson Haiphong") have been prepared on going concern basis and in respect of Parkson Vietnam, the financial information are as follows:

- Parkson Vietnam

On 18 December 2021, the Company announced the decision of the arbitrator where the compensation sum of SGD4.1 million (VND68.9 billion) has been awarded to the landlord in respect of the legal proceedings against Parkson Vietnam's leased premises in Da Nang (Vinh Trung outlet), payable within 30 days from the date 10 December 2021 ("VIAC decision") (See Note 36).

The legal claim of SGD4.1 million awarded by the VIAC decision became due and payable on 9 January 2022. As at the date of this financial statements, the said amount remains unpaid. As Parkson Vietnam has only SGD0.4 million cash on hand as at the reporting date, and no other assets for realisation and pending the future plan of the operation in Saigon Tourist Plaza in Ho Chi Minh City, there is material uncertainty that this debt can be paid when demanded.

The operations at Da Nang had ceased in January 2021. As at the date of this financial statements, the only retail store in operation is located at Saigon Tourist Plaza in Ho Chi Minh City. The management is currently reviewing the prospect of the operations of the said retail store. There were certain renovations and upgrading carried out and completed during the financial period. The amount incurred was SGD1,108,000.

In so far as to the sales tax receivable of SGD1,425,000 as at 31 December 2021, the extent of the recoverability is pending on the future revenue earned for the tax to be offset under the tax regulations in Vietnam. We were not aware of any negative news regarding any possible repossession of the lease premises at Saigon Tourist Plaza in Ho Chi Minh City from the management of the subsidiary concerned as at the date of this report.

As at 31 December 2021, Parkson Vietnam has capital deficiency of SGD28,935,000 (30 June 2020 - SGD35,566,000), the current liabilities exceeded the current assets by SGD39,541,000 (30 June 2020 - SGD32,504,000), reported profit before taxation of SGD6,057,000 (Year ended 30 June 2020 - loss of SGD22,679,000) and net operating cash used in was SGD8,653,000 (Year ended 30 June 2020 - SGD2,792,000) for the financial period ended 31 December 2021.

There is no financial support provided by the ultimate holding company, Parkson Holdings Berhad nor the Group can demonstrate its ability to provide financial support to Parkson Vietnam notwithstanding the fact that one of the bank accounts has been frozen from 21 March 2022 onwards under the court order instituted by the landlord.

Material Uncertainty Related to Going Concern (Cont'd)

Malaysia subsidiaries

Notwithstanding the aforesaid paragraphs, the financial statements have been prepared on a going concern basis, the validity of which is highly dependent on the ability of the Malaysia significant subsidiary, namely, Parkson Corporation Sdn Bhd, to generate sufficient cash flows from its operations to meet working capital needs on the following conditions:

(a) Recovery from the COVID-19 pandemic

As at the date of this report, the Group has resumed operations of its operating retail stores in Malaysia. The Group has assumed that there will be no further major lockdown or movement control order that mandate store closures that will be disruptive to the business operations in Malaysia. In particular, there are no significant changes in economic environment and consumer sentiments from that observed subsequent to period-end and to-date, that would result in significant changes in business operations of the Group.

(b) Continuing support from suppliers and creditors

The Group intends to adhere to the average trade payable turnover days consistent with prevailing terms and expects its creditors to provide continuing support to the Group by offering the same credit terms during this challenging and unprecedented situation. As far as supply chain management is concerned, the Group is cordially discussing with its suppliers to continue trading with Parkson stores amid this difficult time, and at the same time, negotiating on payment plan/arrangement. The Group had negotiated with its landlords for rental rebates to reduce the rental expenses and expects to receive continuing financial support from the landlords.

(c) Rationalisation of operations

As part of the Group's plans to return to profitability, below are some of the initiatives, including amongst others, the following:

- downsizing and closure of unprofitable stores to reduce costs and improve productivity; and
- increase sales through omni channel promotional and marketing activities.

(d) The cash and bank balances of Parkson Corporation Sdn Bhd were SGD62,168,000 as at 31 December 2021, including fixed deposits of SGD5,220,000 pledged for bank guarantee facility of SGD10,678,000.

On 4 April 2022, the ultimate holding company, Parkson Holdings Berhad has entered into an arrangement with the Company for a loan facility sum of RM50,000,000 (SGD16,718,000).

If for any reason, the assumptions as mentioned above do not materialise, may result in the Group not being able to continue as a going concern, it could have an impact on the classification of assets and liabilities, and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements. No such adjustments have been made to these financial statements.

Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matters described in the *Basis for Qualified Opinion* section and the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matter	**Our responses and work performed**

<u>Impairment assessment of property, plant and equipment and right-of-use assets</u>
 	
The Group operates department stores primarily in Malaysia, Indonesia and Vietnam. The carrying amounts of the property, plant and equipment and right-of-use assets of the Group as at 31 December 2021 are SGD26,524,000 (30 June 2020 - SGD64,974,000) and SGD171,898,000 (30 June 2020 - SGD258,919,000) respectively and are material to the Group's financial statements.
 	
Due to losses incurred by certain subsidiaries caused in part by the prolonged effects of COVID-19 pandemic and the uncertain global economic environment, there is higher inherent risk relating to the impairment of non-financial assets.
 	
The Group's property, plant and equipment and right-of-use assets as at 31 December 2021 are mainly held by a subsidiary, Parkson Corporation Sdn Bhd, which operates in Malaysia.
 	
Management judgement is involved in the identification of any impairment indicators as well as the assessment of the recoverable values of these assets. Such judgement is made based on forecasted future store performance, which is, amongst others, dependent on the expected store traffic and the competitive environment in local markets.
	Our review of the impairment assessment included the following procedures, amongst others:
	
	- we performed a review of the relevant audit working papers of the identified risks for which we instructed and coordinated the work of our component auditors in addressing the significant misstatements relating to the impairment assessment reviewed by the component auditors;
	
	- we assessed the appropriateness of the management's identification of CGU and impairment indicators of assets related to the individual department stores;
	
	- where an impairment indicator is identified, we, with the assistance of the auditors of the subsidiaries,
	
	    - we evaluated the reasonableness of management's key assumptions underlying the VIU computation such as the expected recovery from the COVID-19 pandemic, discount rate and growth rates;
	
	    - we compared the actual results of the stores against forecast previously made by management and taking into consideration the viability of the stores' future plans, local economic development and industry outlook while taking into account the uncertainty associated with the prolonged COVID-19 pandemic situation;
	
	    - we reviewed the auditor's expert in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of estimates used by the management's expert; and

Key Audit Matters (Cont'd)

<table>
<tr><th>Key Audit Matter</th><th>Our responses and work performed</th></tr>
<tr><td>

<u>Impairment assessment of property, plant and equipment and right-of-use assets (Cont'd)</u>

For the purpose of impairment testing, the recoverable amount of the asset is determined based on the higher of value-in-use ("VIU") and fair value less costs to sell, for the cash-generating-unit ("CGU") (i.e. retail store) to which the assets belong.

Management has recognised an impairment charge of SGD9,516,000 and SGD35,148,000 on property, plant and equipment and right-of-use assets respectively during the financial period.

We have identified the impairment testing performed on the Group's property, plant and equipment and right-of-use assets to be a Key Audit Matter due to the significant judgement and assumptions applied in arriving at the estimates used in computing the recoverable values of these assets and the uncertainties which arise as a result of having to consider long-term trends and market conditions and their impact on the key assumptions used.

</td><td>

Our review of the impairment assessment included the following procedures, amongst others (Cont'd):

- we performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources, where appropriate;

- we assessed and evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes;

- we assessed the competency, capability and objectivity of the auditor's expert; and

- we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the impairment of property, plant and equipment and right-of-use assets.

The Group's disclosures for property, plant and equipment and right-of-use assets are included in Note 4 and Note 21 to the financial statements respectively.

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</table>

Key Audit Matters (Cont'd)

Key Audit Matter	**Our responses and work performed**
Allowance for inventory shrinkage and obsolescence The Group's inventories of SGD19,465,000 (30 June 2020 - SGD41,274,000) mainly consist of inventories at department stores and represented 6% (30 June 2020 - 9%) of the Group's total assets as at the reporting date. Inventories are subject to the risk of theft and/or obsolescence which is an inherent risk to the Group. Inventories are carried at the lower of cost and net realisable value. The Group's inventories as at 31 December 2021 are mainly held by Parkson Corporation Sdn Bhd and Parkson Private Label Sdn Bhd, both operate in Malaysia. The allowance for inventory shrinkage and obsolescence totalled SGD672,000 (Year ended 30 June 2020 - SGD1,037,000) for the current financial period. We have identified the allowance for inventory shrinkage and obsolescence as a Key Audit Matter as the determination of the net realisable value of inventories requires significant management judgement.	Our review of the allowance for inventory shrinkage and obsolescence included the following procedures, amongst others: - we performed a review of the relevant audit working papers of the identified risks for which we instructed and coordinated the work of our component auditors in addressing the significant misstatements relating to the assessment for inventory shrinkage and obsolescence carried out by the component auditors; - observed stock counts with the assistance of the component auditors, reviewed management's reconciliation of stock count results to inventory record and performed roll forward/backward of stock count to period end quantity, where applicable; - we assessed the adequacy of the shrinkage allowance made by assessing the total shrinkage loss recognised after the inventory cycle counts and projected it to period end; - we tested the design and effectiveness of system controls over the purchasing, receiving and invoice matching process; - we assessed the adequacy of the allowance for obsolescence made by the management by reviewing selling prices of samples of inventories, ageing of inventories and gross margins of inventories sold during the period and after the period end; - we reviewed the audit procedures performed by the auditors of the subsidiaries and held discussions with them and management in assessing the assumptions used in the estimates; and - we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the allowance for inventory shrinkage and obsolescence. The Group's disclosures for inventories are included in Note 13 to the financial statements.

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed
Impairment assessment of investments in subsidiaries (Parent company only) As at 31 December 2021, the Company has significant investment in a subsidiary, Parkson Corporation Sdn Bhd. Due to the economic slowdown and uncertainty in the global economic environment, including the prolonged effects caused by the COVID-19 pandemic, which has affected the Group's operations, there is higher risk that impairment for investments in subsidiaries is required to be recognised. There is significant management judgement involved in the assessment of the recoverability of the cost of investment in Parkson Corporation Sdn Bhd which operates department stores in Malaysia. Other than Parkson Corporation Sdn Bhd, impairment losses have been made for all other investments in subsidiaries held by the Company. There is no impairment loss charged for the current financial period. Management's assessment of the recoverable amount of the investments in subsidiaries involves estimation and judgement relating to the assumptions used in profit forecast and discounted cashflows and considers the heightened level of estimation uncertainty associated with the market and economic conditions prevailing at the reporting date brought on by the COVID-19 pandemic. Key assumptions and estimates used in the cash flow projections included pre-tax discount rates, budgeted gross margins and growth rates. Thus, we have identified this as a Key Audit Matter.	Our review of the impairment assessment of investments in subsidiaries of the Company included the following procedures, amongst others: - we assessed the reasonableness of the assumptions used in the cash flow projections approved by the board of directors; - we held discussions with management and the auditors of the subsidiaries to obtain an understanding of assumptions used in the cash flow projections; - the auditors of the subsidiaries were involved to assist us in the evaluation of the reasonableness of the assumptions used by management in their cash flow projections, which included a comparison of the historical performance of the subsidiaries against forecasts, and considering the viability of future plans, local economic conditions and industry outlook, taking into account the uncertainty associated with the prolonged COVID-19 pandemic situation; - we assessed and evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes; - we assessed the competency, capability and objectivity of the auditor's expert; and - we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the impairment of investments in subsidiaries held by the Company. The Group's disclosures for investments in subsidiaries of the Company are included in Note 6 to the financial statements.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon. This other information is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the *Basis for Qualified Opinion* section above, we were unable to obtain sufficient appropriate evidence about the opening balance of the financial statements of PT Tozy, as to the measurement and presentation of the financial statements as at 30 June 2020. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

The financial statements for the financial year ended 30 June 2020 were audited by another firm of auditors who expressed an unmodified opinion on those financial statements in its report dated 12 October 2020.

Report on Other Legal and Regulatory Requirements

In our opinion, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Yeo Boon Chye.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants

Singapore, 8 April 2022

Statements of Financial Position

As at 31 December 2021

		The Group		The Company	
		31 December	30 June	**31 December**	30 June
		2021	2020	**2021**	2020
	Note	**SGD'000**	SGD'000	**SGD'000**	SGD'000
ASSETS					
Non-Current					
Property, plant and equipment	4	**26,524**	64,974	**-**	-
Land use right	5	**-**	-	**-**	-
Right-of-use assets	21	**171,898**	258,919	**-**	-
Investments in subsidiaries	6	**-**	-	**124,786**	125,570
Investment in an associate	7	**-**	-	**-**	-
Deferred tax assets	8	**4,821**	3,176	**-**	-
Other receivables	9	**39,978**	33,215	**-**	-
Prepayments	10	**4**	86	**-**	-
Intangible assets	11	**94**	474	**-**	-
Investment securities	12	**278**	183	**-**	-
		243,597	361,027	**124,786**	125,570
Current					
Inventories	13	**19,465**	41,274	**-**	-
Trade and other receivables	9	**15,134**	14,644	**-**	-
Prepayments	10	**1,118**	1,267	**-**	12
Tax recoverable		**1,333**	1,829	**-**	-
Cash and short-term deposits	14	**69,061**	10,169	**59**	115
		106,111	69,183	**59**	127
Asset classified as held for sale	4	**-**	13,237	**-**	-
Total assets		**349,708**	443,447	**124,845**	125,697

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Statements of Financial Position

As at 31 December 2021

		The Group		The Company	
		31 December 2021	30 June 2020	**31 December 2021**	30 June 2020
	Note	**SGD'000**	SGD'000	**SGD'000**	SGD'000
EQUITY					
Capital and Reserves					
Share capital	15(a)	**231,676**	231,676	**231,676**	231,676
Treasury shares	15(b)	**(549)**	(549)	**(549)**	(549)
Other reserves	16	**(165,412)**	(168,373)	**(49,002)**	(48,356)
Accumulated losses		**(114,874)**	(128,604)	**(79,535)**	(73,840)
Equity attributable to equity holders of the Company		**(49,159)**	(65,850)	**102,590**	108,931
Non-controlling interests		**(98)**	(110)	**-**	-
Total equity		**(49,257)**	(65,960)	**102,590**	108,931
LIABILITIES					
Non-Current					
Other payables	17	**2,639**	4,254	**-**	-
Provisions	19	**5,089**	6,882	**-**	-
Loans and borrowings	20	**8,905**	11,621	**8,905**	8,961
Lease liabilities	21	**173,663**	286,428	**-**	-
Deferred tax liabilities	8	**-**	437	**-**	437
		190,296	309,622	**8,905**	9,398
Current					
Trade and other payables	17	**139,007**	97,685	**12,441**	6,858
Other liabilities	18(a)	**14,644**	25,050	**909**	510
Contract liabilities	18(b)	**6,896**	9,211	**-**	-
Provisions	19	**1,350**	1,447	**-**	-
Loans and borrowings	20	**4,879**	5,862	**-**	-
Lease liabilities	21	**41,893**	60,530	**-**	-
		208,669	199,785	**13,350**	7,368
Total liabilities		**398,965**	509,407	**22,255**	16,766
Total equity and liabilities		**349,708**	443,447	**124,845**	125,697

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Profit or Loss

For the financial period from 1 July 2020 to 31 December 2021

	Note	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Continuing operations			
Revenue	22	**240,121**	260,076
Other items of income			
Finance income	23(a)	**6,223**	3,652
Other income	23(b)	**86,868**	16,422
Items of expense			
Changes in merchandise inventories and consumables	13	**(88,158)**	(106,068)
Employee benefits expense	24	**(56,047)**	(52,488)
Depreciation and amortisation expenses	25	**(86,395)**	(73,938)
Promotional and advertising expenses		**(1,819)**	(4,464)
Operating lease expenses	25	**9,591**	(7,053)
Finance costs	23(a)	**(30,397)**	(26,830)
Other expenses		**(75,514)**	(82,525)
Profit/(loss) from continuing operations before tax	25	**4,473**	(73,216)
Income tax	26	**225**	(1,482)
Profit/(loss) from continuing operations, net of tax		**4,698**	(74,698)
Discontinued operation			
Profit/(loss) from discontinued operation, net of tax	27	**9,046**	(10,297)
Profit/(loss) for the period/year, net of tax		**13,744**	(84,995)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Profit or Loss

For the financial period from 1 July 2020 to 31 December 2021

	Note	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Profit/(loss) attributed to:			
Owners of the Company			
Profit/(loss) from continuing operations, net of tax		**4,684**	(74,631)
Profit/(loss) from discontinued operation, net of tax		**9,046**	(10,297)
		13,730	(84,928)
Non-controlling interests			
Profit/(loss) from continuing operations, net of tax		**14**	(67)
Profit from discontinued operation, net of tax		**-**	-
		14	(67)
		13,744	(84,995)
Earnings/(loss) per share (cents per share)			
From continuing operations			
- Basic and diluted	28	**0.70**	(11.07)
From discontinued operation			
- Basic and diluted	28	**1.34**	(1.53)
From continuing and discontinued operations			
- Basic and diluted	28	**2.04**	(12.60)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Other Comprehensive Income

For the financial period from 1 July 2020 to 31 December 2021

	Period from 1 July 2020 to 31 December 2021 SGD'000	Year ended 30 June 2020 SGD'000
Profit/(loss) for the period/year	**13,744**	(84,995)
Other comprehensive income/(expense):		
Items that may not be reclassified subsequently to profit or loss:		
- Net fair value (gain)/loss on equity instruments at fair value through other comprehensive income	**96**	(736)
Items that may be reclassified subsequently to profit or loss:		
- Exchange differences on translating foreign operations	**4,159**	485
- Foreign currency translation differences on loss of control of subsidiary in liquidation/discontinued operation reclassified to profit or loss	**(1,296)**	-
	2,863	485
Total comprehensive income/(expense) for the period/year	**16,703**	(85,246)
Attributable to:		
Owners of the Company	**16,691**	(85,175)
Non-controlling interests	**12**	(71)
	16,703	(85,246)

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Changes in Equity

For the financial period from 1 July 2020 to 31 December 2021

The Group	Share capital SGD'000	Treasury shares SGD'000	Other reserves SGD'000	Accumulated losses SGD'000	Total attributable to equity holders of the Company SGD'000	Non-controlling interests SGD'000	Total equity SGD'000
Balance as at 1 July 2019	231,676	(549)	(168,126)	(43,676)	19,325	(39)	19,286
Loss for the year	-	-	-	(84,928)	(84,928)	(67)	(84,995)
Other comprehensive income/(expense)							
Net fair value loss on equity instruments at fair value through other comprehensive income	-	-	(736)	-	(736)	-	(736)
Foreign currency translation	-	-	489	-	489	(4)	485
	-	-	(247)	-	(247)	(4)	(251)
Total comprehensive expense for the year	-	-	(247)	(84,928)	(85,175)	(71)	(85,246)
Balance as at 30 June 2020	231,676	(549)	(168,373)	(128,604)	(65,850)	(110)	(65,960)
Profit for the period	**-**	**-**	**-**	**13,730**	**13,730**	**14**	**13,744**
Other comprehensive income/(expense)							
Net fair value gain on equity instruments at fair value through other comprehensive income	**-**	**-**	**96**	**-**	**96**	**-**	**96**
Foreign currency translation	**-**	**-**	**2,865**	**-**	**2,865**	**(2)**	**2,863**
	-	**-**	**2,961**	**-**	**2,961**	**(2)**	**2,959**
Total comprehensive income for the period	**-**	**-**	**2,961**	**13,730**	**16,691**	**12**	**16,703**
Balance as at 31 December 2021	**231,676**	**(549)**	**(165,412)**	**(114,874)**	**(49,159)**	**(98)**	**(49,257)**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial period from 1 July 2020 to 31 December 2021

	Note	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Cash Flows from Operating Activities			
Profit/(loss) before tax from continuing operations		**4,473**	(73,216)
Profit/(loss) before tax from discontinued operation		**9,046**	(10,297)
Profit/(loss) before tax		**13,519**	(83,513)
Adjustments for:			
Depreciation and amortisation expense			
- property, plant and equipment	4	**22,965**	21,102
- land use right	5	**-**	131
- intangible assets	11	**103**	179
- right-of-use assets	21(c)	**67,221**	57,036
Impairment losses			
- property, plant and equipment	4	**9,516**	11,216
- land use right	5	**-**	1,425
- intangible assets	11	**182**	255
- right-of-use assets	21	**35,148**	40,840
Reversal of impairment of property, plant and equipment	4	**(3,517)**	(263)
Property, plant and equipment written off	4	**2,692**	3,216
(Gain)/loss on disposal of property, plant and equipment, net	4,25	**(777)**	105
Loss on disposal of asset held for sale	4(e)	**191**	-
Gain on deconsolidation of a subsidiary in liquidation	23(b)	**(13,666)**	-
Write back of liabilities relating to a subsidiary	23(b)	**(53,893)**	-
Allowance for expected credit (gain)/loss on trade and other receivables, net	9(a)	**190**	1,018
Allowance for inventory obsolescence	13	**283**	671
Allowance for inventory shrinkage	13	**389**	366
Inventory written down		**401**	-
Net benefit expense from defined benefit plan	17(e)	**592**	191
Unrealised exchange loss/(gain)		**36**	(364)
Provision for onerous contract, net	19(b)	**-**	(2,002)
Income from expired gift vouchers	23(b)	**(761)**	(802)
Income from subleasing right-of-use assets	23(b)	**(12,179)**	(10,526)
Income from rent concession on lease liabilities	21(b)	**(18,872)**	(8,588)
Lease derecognition	21(a),21(b)	**(30,248)**	-
Lease modification	21(a),21(b)	**1,046**	-
Dividend income from investment in securities	23(b)	**(27)**	-
Finance costs	23(a),27(a)	**33,812**	30,043
Finance income	23(a),27(a)	**(6,228)**	(4,234)
Operating profit before working capital changes		**48,118**	57,502
Decrease in inventories		**20,343**	10,934
Increase in trade and other receivables		**2,196**	10,380
Decrease in prepayments		**193**	871
Increase/(decrease) in trade and other payables		**56,479**	(63,384)
Decrease in other liabilities and provisions		**(668)**	(2,324)
Cash generated from operations		**126,661**	13,979
Interest received		**1,847**	907
Interest paid		**(104)**	(552)
Income taxes paid		**(2,393)**	(2,078)
Net cash generated from operating activities		**126,011**	12,256

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Consolidated Statement of Cash Flows

For the financial period from 1 July 2020 to 31 December 2021

	Note	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		**402**	124
Proceeds from disposal of asset held for sale		**12,742**	-
Purchase of property, plant and equipment	B	**(12,996)**	(9,758)
Payment of restoration costs		**-**	(375)
Additions to intangible assets	11	**-**	(39)
Dividend income from investment securities	12	**27**	-
Net cash inflow from deconsolidation of a subsidiary	6(c)	**(617)**	-
Proceeds from net investments in sublease		**5,260**	2,073
Net cash from/(used in) investing activities		**4,818**	(7,975)
Cash Flows from Financing Activities			
Interest paid		**(24,189)**	(23,518)
Proceeds from bank borrowings		**32,132**	5,757
Repayment of bank borrowings		**(32,176)**	(6,258)
Loans from ultimate holding company		**-**	1,633
Repayment to ultimate holding company		**(1,265)**	(606)
Advances from related companies		**10,141**	4,461
Loan from a third party		**-**	1,309
Payment of principal portion of lease liabilities		**(53,685)**	(34,477)
Increase in pledged deposits		**(4,330)**	(733)
Net cash used in financing activities		**(73,372)**	(52,432)
Net increase/(decrease) in cash and cash equivalents		**57,457**	(48,151)
Cash and cash equivalents as at beginning of period/year		**5,209**	52,953
Exchange differences on translation of cash and cash equivalents as at beginning of period/year		**(644)**	407
Cash and cash equivalents as at end of period/year		**62,022**	5,209

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Note:

A. Cash and cash equivalents

	Note	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Cash and cash equivalents comprise the following:			
Cash and short-term deposits	14	**69,061**	10,169
Less:			
- pledged deposits	14	**(6,675)**	(2,361)
- bank overdraft	20	**(364)**	(2,599)
		62,022	5,209

B. Property, plant and equipment

	Note	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Current period/year additions to property, plant and equipment	4	**9,650**	13,548
Add: Cash portion of additions to right-of-use assets under finance lease	21(a)	**-**	862
Less:			
- Payable to creditors	17	**(769)**	(843)
- Provision for restoration costs	19	**(519)**	(1,327)
- Accrued expenses	18(a)	**(1,876)**	(5,667)
Add: Payments for prior year purchase		**6,510**	3,185
Net cash outflow for purchase of property, plant and equipment		**12,996**	9,758

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Note:

C. Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	1 July 2020 SGD'000	Cash flows SGD'000	Non-cash changes: Additions SGD'000	Non-cash changes: Exchange movement SGD'000	Non-cash changes: Others SGD'000	31 December 2021 SGD'000
Bankers' acceptance	**1,943**	**(44)**	**-**	**(12)**	**-**	**1,887**
Loan from owner of a managed store (Vietnam)	**1,320**	**-**	**-**	**(19)**	**-**	**1,301**
Loan from a third party	**1,395**	**-**	**-**	**(68)**	**-**	**1,327**
Loans from ultimate holding company	**10,226**	**(1,265)**	**-**	**(56)**	**-**	**8,905**
Non-trade amount owing to related companies	**6,126**	**10,141**	**-**	**(83)**	**-**	**16,184**
Lease liabilities	**346,958**	**(77,874)**	**43,833**	**(5,896)**	**(91,465)**	**215,556**
	367,968	**(69,042)**	**43,833**	**(6,134)**	**(91,465)**	**245,160**

	1 July 2019 SGD'000	Cash flows SGD'000	Non-cash changes: Additions SGD'000	Non-cash changes: Exchange movement SGD'000	Non-cash changes: Others SGD'000	30 June 2020 SGD'000
Bankers' acceptance	2,457	(501)	-	(13)	-	1,943
Loan from owner of a managed store (Vietnam)	1,278	-	-	42	-	1,320
Loan from a third party	-	1,309	-	37	49	1,395
Loans from ultimate holding company	11,743	1,027	-	143	(2,687)	10,226
Non-trade amount owing to related companies	1,518	4,461	-	147	-	6,126
Lease liabilities	376,303	(57,995)	6,767	1,630	20,253	346,958
	393,299	(51,699)	6,767	1,986	17,615	367,968

The "Others" column includes non-cash changes as disclosed in Note 21(b) to the financial statements.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

1 General information

Parkson Retail Asia Limited (the "Company") is a public listed company incorporated in Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The registered office of the Company is located at 80 Robinson Road, #02-00, Singapore 068898. The principal places of business of the Group are located at:

- Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia; and
- 35 Bis - 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associate are disclosed in Note 6 and Note 7 to the financial statements respectively.

The immediate holding company is East Crest International Limited, a company incorporated in the British Virgin Islands. The ultimate holding company is Parkson Holdings Berhad, a public limited liability company incorporated and domiciled in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad. Related companies refer to companies within the Parkson Holdings Berhad group.

The Company had on 10 June 2021, announced the change of its financial year-end from 30 June to 31 December to coincide with the change of financial year-end of the ultimate holding company. The financial statements for 2021 cover the financial period from 1 July 2020 to 31 December 2021. The financial statements for 2020 cover the twelve months ended 30 June 2020. Consequently, the amounts presented in these financial statements are not entirely comparable.

The consolidated financial statements of the Group for the financial period from 1 July 2020 to 31 December 2021 and statement of financial position of the Company as at 31 December 2021 were authorised for issue by the Board of Directors on the date of the Directors' Statement.

2(a) Going concern basis

<u>The Group</u>

As at 31 December 2021, the Group's current liabilities exceeded the Group's current assets by SGD102,558,000 (30 June 2020 - SGD117,365,000), and the Group's total liabilities exceeded its total assets by SGD49,257,000 (30 June 2020 - SGD65,960,000). The Group's operations were significantly impacted by movement restrictions, lockdowns and store closures caused by the prolonged effects of COVID-19 pandemic in its key markets. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

2(a) Going concern basis (Cont'd)

The Group (Cont'd)

The management has prepared an 18-month projected cashflows forecast from 1 January 2022 to review the appropriateness of the going concern and the directors of the Company are of the view that it is appropriate to prepare the Group's financial statements on a going concern on the following bases:

(a) the Group will be able to generate sufficient cash flows from its Malaysia operations to pay its liabilities as and when they fall due. Management has assumed that there will not be any further significant lockdown or movement control orders in the countries where the Group operates which will cause major disruption to business operations and the recovery of business will gradually be that of pre-Covid. In particular, there are no significant changes in the economic environment and consumer sentiments from that observed subsequent to the reporting period-end and to-date, which would result in significant changes in the revenue and gross margins forecasted by management;

(b) management intends to manage cashflow of the subsidiaries on overall Group basis, where necessary;

(c) there are no changes in the credit terms granted by suppliers and the Group intends to adhere to the average trade payables turnover days consistent with prior years;

(d) the Group has unutilised banking facilities of approximately SGD2,506,000 (30 June 2020 - SGD7,263,000) as of 31 December 2021 that is available for use;

(e) on 4 April 2022, the ultimate holding company, Parkson Holdings Berhad has entered into an arrangement with the Company for a loan facility sum of RM50,000,000 (SGD16,178,000); and

(f) the Group has regarded the subsidiaries in the Republic of Vietnam as a separate legal entity to which the resources whether financial or otherwise, is limited to the capital contribution which the Group has participated in. The cash resource is the only available working capital that the subsidiaries can depend upon for its continual operations. At the date of this report, the Group is aware that a bank account of subsidiary, Parkson Vietnam Co Ltd has been frozen on 21 March 2022 onwards under the court order instituted by the landlord.

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

If for any reason, the assumptions as mentioned above do not materialise, may result in the Group not being able to continue as a going concern, it could have an impact on the classification of assets and liabilities, and the ability to realise assets at their recognised values and to extinguish liabilities in the normal course of business at the amounts stated in the financial statements. No such adjustments have been made to these financial statements.

2(a) Going concern basis (Cont'd)

The Company

As at 31 December 2021, the Company's current liabilities exceeded the Company's current assets by SGD13,291,000 (30 June 2020 - SGD7,241,000).

As at the balance sheet date, included in current liabilities are mainly:

- non-trade amount due to ultimate holding company of SGD6,483,000 (30 June 2020 - SGD1,135,000);
- non-trade amount due to a subsidiary, Parkson Corporation Sdn Bhd, totalling SGD4,860,000 (30 June 2020 - SGD4,793,000); and
- non-trade amounts due to other related companies totalling SGD601,000 (30 June 2020 - SGD605,000).

These non-trade amounts represent advances which are unsecured, non-interest bearing and are repayable on demand.

On 4 April 2022, the ultimate holding company, Parkson Holdings Berhad, has entered into an arrangement with the Company for a loan facility sum of RM50,000,000 (SGD16,178,000) and agreed not to demand immediate repayment from the Company in the next twelve months from the date of this financial statements.

The subsidiary, Parkson Corporation Sdn Bhd has also given an undertaking that it shall not demand immediate repayment from the Company in the next twelve months from the date of this financial statements.

2(b) Basis of preparation

The financial statements are prepared in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar, which is also the functional currency of the Company, rounded to the nearest thousand ("SGD'000"). All financial information is presented in Singapore Dollar, unless otherwise stated.

Significant judgements and accounting estimates

The preparation of the financial statements in accordance with this basis of preparation requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial period. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected.

The critical accounting estimates and assumptions used and areas involving a significant judgement are described below.

2(b) Basis of preparation (Cont'd)

Significant judgements and accounting estimates (Cont'd)

Impact of COVID-19

The Coronavirus Disease ("COVID-19") outbreak that began as a viral pneumonia of unknown cause was reported by the People's Republic of China to the World Health Organisation ("WHO") in December 2019. In January 2020, WHO proclaimed that the outbreak was a public health emergency of international concern. Subsequently, COVID-19 was declared a worldwide pandemic by WHO in March 2020. In response to the pandemic, governments from different countries around the world have implemented containment measures to varying degrees in a bid to curb the spread of the virus. As a result, there has been disruption to global trade due to restrictions for cross-border movement and reduced economic activities.

The ongoing and evolving COVID-19 pandemic has a significant impact on the global economy and the economies of the countries in which the Group operates in. There is significant uncertainty as to the duration of the pandemic and its impact on those economies.

In regard to the Group, the impact and consideration of COVID-19 have been included in the following areas:

- Impairment of non-financial assets (Notes 4 and 21)
- Impairment of financial assets (Note 9)

Further details on significant judgements and estimation uncertainties impacted by the COVID-19 pandemic are included in the discussion below.

Significant judgements 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 consolidated financial statements:

Determination of functional currency

The Group measures foreign currency translation in the respective currencies of the Company and its subsidiaries. In determining the functional currencies of the Company and the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the Company and the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Income taxes

The Group has exposure to income taxes in various jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's tax recoverable as at 31 December 2021 was SGD1,333,000 (30 June 2020 - SGD1,829,000).

2(b) Basis of preparation (Cont'd)

Significant judgements in applying accounting policies (Cont'd)

Income taxes (Cont'd)

The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 31 December 2021 were SGD4,821,000 (30 June 2020 - SGD3,176,000) and Nil (30 June 2020 - SGD437,000) respectively are disclosed in Note 8 to the financial statements.

Determination of lease terms of contracts with extension options

The Group determines the lease terms as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. It considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whenever there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend. The impact of the extension options not taken up by management is disclosed in Note 21(f) to the financial statements.

Critical assumptions, accounting estimates and key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, 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:

Useful life of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of property, plant and equipment to be within 1 to 25 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2021 was SGD26,524,000 (30 June 2020 - SGD64,974,000). 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.

If the actual useful lives of property, plant and equipment differ by 10% from management's estimates, the carrying amount of the property, plant and equipment of the Group will be approximately SGD2,088,000 (30 June 2020 - SGD1,918,000) higher or SGD2,552,000 (30 June 2020 - SGD2,345,000) lower.

The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 4 to the financial statements.

Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable.

2(b) Basis of preparation (Cont'd)

Critical assumptions, accounting estimates and key sources of estimation uncertainty (Cont'd)

Impairment of non-financial assets (Cont'd)

The Group recognises impairment loss when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell ("FVLCTS") and its value-in-use ("VIU"). FVLCTS is based on available data from sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The VIU estimation is based on forecasted cash flows of the underlying business. There is an increased estimation uncertainty on these forecasted cash flows due to the prolonged impact of COVID-19. In forecasting these cash flows, management has taken into account of long-term trends and market conditions and uncertain economic conditions and their impact on the key assumptions used.

A decrease of 4% in the sales growth, or an increase of 1% increase in the discount rate, as applied in the VIU calculations for property, plant and equipment and right-of-use assets, will not lead to further impairment loss recognised on these non-financial assets.

The carrying amounts of the Group's property, plant and equipment, land use right and right-of-use assets at the end of the reporting period are disclosed in Notes 4, 5 and 21 to the financial statements respectively.

Provision for restoration costs

Under the lease agreements entered into by the Group, it is required to carry out restoration work upon expiry of the leases. As at 31 December 2021, the Group has made provisions for the restoration work amounted to SGD6,439,000 (30 June 2020 - SGD8,329,000) (Note 19). The expected restoration costs are based on estimated costs of dismantling and removing assets and restoring the premises to their original conditions.

If the expected estimated costs increase/decrease by 10%, the provision will increase/decrease by approximately SGD643,900 (2020 - SGD832,900).

Determining the appropriate rate to discount lease payments

The Group cannot readily determine the interest rate implicit in the leases, therefore, it uses the incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset to the right-of-use asset in a similar economic environment.

The Group estimates the IBR relevant to each lease by using observable inputs such as market interest rate and asset yield, where available, and making certain lessee specific adjustments such as the Group's credit rating.

An increase/decrease of 1% in the estimated IBR will decrease/increase the Group's right-of-use assets and lease liabilities by approximately SGD5,117,000 and SGD7,082,000 respectively.

2(b) Basis of preparation (Cont'd)

Critical assumptions, accounting estimates and key sources of estimation uncertainty (Cont'd)

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset in default when contractual payments are 90 days due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

For non-trade receivables, the Group and the Company apply the general approach to determine ECL. ECL is measured as an allowance equal to 12-month ECL for stage-1 (low credit risk) assets, or lifetime ECL for stage-2 (deterioration in credit risk) or stage-3 (credit impaired) assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative, reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

The ECL assessment involves estimation uncertainty heightened by the global economic slowdown ensuing the COVID-19 pandemic. Significant management judgement is required to assess recoverability of debts from known debtors who are potentially more negatively impacted by COVID-19. Forward-looking adjustments, such as economic data, by management have incorporated potential impact of the COVID-19 pandemic.

In addition, the Group has identified that the risk characteristics of the debtors from certain sectors (e.g. retailers) under the COVID-19 situation as they are more adversely impacted due to social distancing measures. These debtors are grouped into a separate provision matrix and the historical loss rates are adjusted to reflect the current and forward-looking information.

If the expected credit losses increase/decrease by 10% from management estimates, the carrying amounts of the financial assets of the Group will decrease/increase by approximately SGD2,483,000 (30 June 2020 - SGD2,800,000) respectively.

The carrying amount of financial assets carried at amortised cost is disclosed in Note 9 to the financial statements.

2(b) Basis of preparation (Cont'd)

Critical assumptions, accounting estimates and key sources of estimation uncertainty (Cont'd)

Allowance for inventories obsolescence

Allowance for inventories obsolescence is estimated based on the best available facts and circumstances at the end of each reporting period, including but not limited to, the physical conditions of the inventories, their expected market selling prices, and estimated costs to be incurred for their sales. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated.

If the net realisable value of the inventories increase/decrease by 10% from management's estimates, the Group's profit will decrease/increase by SGD1,947,000 (Year ended 30 June 2020 - SGD4,127,000).

The carrying amount of the inventories is disclosed in Note 13 to the financial statements.

Impairment of investments in subsidiaries

The Company determines whether there are indicators that investments in subsidiaries is impaired. The recoverable amount is determined by an estimation of the VIU of the subsidiaries. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The key assumptions in deriving the recoverable amount include discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

A decrease in the sales growth by 1%, or an increase of 1% in the discount rate, as applied in the VIU calculations, will not lead to further impairment loss recognised on the investments in subsidiaries.

The carrying amount of the Company's investments in subsidiaries recognised at the end of the reporting period is disclosed in Note 6 to the financial statements.

2(c) Adoption of new and revised SFRS(I) effective for the current financial period

On 1 July 2020, the Group and the Company have adopted all the new and revised SFRS(I) and amendments to SFRS(I), where applicable, that are mandatory for application for the financial period.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 3	*Definition of a Business*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8	*Definition of Material*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7	*Interest Rate Benchmark Reform*	1 January 2020
Revised *Conceptual Framework for Financial Reporting*		
Amendments to SFRS(I) 16	*COVID-19 Related Rent Concessions*	1 June 2020 (early adoption)

The adoption of these new or amended FRSs did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial period/year, except as discussed below:

Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions*

The amendments provide relief to lessees from applying SFRS(I) 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under SFRS(I) 16 if the change were not a lease modification. The amendments are applicable on a modified retrospective basis for annual reporting periods beginning on or after 1 June 2020.

In the financial year ended 30 June 2020, the Group had early adopted the amendments to SFRS(I) 16 and applied the practical expedient to all of the COVID-19 related rental concessions it has obtained as lessee.

As a result of the evolving COVID-19 situation, rent concessions continue to be granted to lessees. The application period of the above practical expedient has been extended by one year to help lessees accounting for COVID-19 related rent concessions.

In applying the practical expedient, the Group has:

- recognised a reduction in lease payments as a negative variable lease payment of SGD18,872,000 (Year ended 30 June 2020 - SGD8,054,000) in profit or loss; and
- de-recognised part of lease liabilities of SGD18,872,000 (Year ended 30 June 2020 - SGD8,054,000) that has been extinguished by the forgiveness of lease payments

for the financial period from 1 July 2020 to 31 December 2021.

2(d) New and revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I) and amendments to SFRS(I), where applicable, that have been issued but are not yet effective, except for Amendments to SFRS(I) 16 *COVID-19 Related Rent Concessions* beyond 30 June 2021 which was disclosed in Note 2(c) to the financial statements.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
Amendments to SFRS(I) 9, SFRS(I) 1-39, SFRS(I) 7, SFRS(I) 4 and SFRS(I) 16	*Interest Rate Benchmark Reform – Phase 2*	1 January 2021
Amendment to SFRS(I) 16	*COVID-19 Related Rent Concessions beyond 30 June 2021*	1 April 2021
Amendments to SFRS(I) 3	*Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16	*Property, Plant and Equipment – Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37	*Onerous Contracts – Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020:		
- Amendments to SFRS(I) 1-1	*Subsidiary as a First-Time Adopter*	1 January 2022
- Amendments to SFRS(I) 9	*Fees in the '10 per cent' Test for Derecognition of Financial Liabilities*	1 January 2022
- Amendments to SFRS(I) 16	*Lease Incentives*	1 January 2022
- Amendments to SFRS(I) 1-41	*Taxation in Fair Value Measurements*	1 January 2022
SFRS(I) 17	*Insurance Contracts*	1 January 2023
Amendments to SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2023
	Classification of Liabilities as Current or Non-current – Deferral of effective date	1 January 2023
Amendments to SFRS(I) 17	*Initial Application of SFRS(I) 17 and SFRS(I) 9 – Comparative Information*	1 January 2023
Amendments to SFRS(I) 4	*Extension of the Temporary Exemption from Applying SFRS(I) 9*	1 January 2023
Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
Amendments to SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
Amendments to SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

Management anticipates that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

3 Summary of significant accounting policies

Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains or losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses and other comprehensive income are attributable to the non-controlling interest even if that results in a deficit balance.

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:

- de-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts as at that date when control is lost;
- de-recognises the carrying amount of any non-controlling interest;
- de-recognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss;
- re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Thus, the Group controls an investee, if and only if, the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses 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 listed above.

3 Summary of significant accounting policies (Cont'd)

Basis of consolidation and business combinations (Cont'd)

(a) Basis of consolidation (Cont'd)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

<u>A change in the ownership interest</u>

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s).

The fair value of any investment retained in the former subsidiary at the date when the control is lost is regarded as the fair value on the initial recognition for subsequent accounting under SFRS(I) 9, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

<u>Acquisition</u>

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business combination comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

3 Summary of significant accounting policies (Cont'd)

Basis of consolidation and business combinations (Cont'd)

(a) Basis of consolidation (Cont'd)

Acquisition (Cont'd)

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Any retained equity interest in the entity is re-measured at fair value. The difference between the carrying amount of the retained interest at the date when control is lost and its fair value is recognised in profit or loss.

(b) Business combinations and goodwill

Business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

3 Summary of significant accounting policies (Cont'd)

Basis of consolidation and business combinations (Cont'd)

(b) Business combinations and goodwill (Cont'd)

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Goodwill, if any, is initially measured at cost. Following 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 the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relate. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of 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 which involves the following:

- 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.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.
- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

Comparatives are restated to reflect the combination as if it had occurred from the beginning of the earliest period presented in the financial statements or from the date the entities had come under common control, if later.

3 Summary of significant accounting policies (Cont'd)

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statements of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed utilising the straight-line method to allocate the depreciable amount of these assets after deducting the residual value over their estimated useful lives as follows:

Renovation	2 - 10 years or duration of lease, whichever is shorter
Buildings	25 years
Furniture and equipment	1 - 10 years
Motor vehicles	4 - 7 years

Land, including the legal costs incurred at initial acquisition of land rights, is stated at cost and not depreciated. Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate at the end of each reporting period as a change in estimates. The useful lives and depreciation method are reviewed at each financial year-end/period-end to ensure that the method and year/period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in the period in which it is incurred.

3 Summary of significant accounting policies (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

For acquisitions and disposals during the financial year/period, depreciation is provided from the month after acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on de-recognition of the asset is included in profit or loss in the year/period the asset is derecognised.

Land use right

Land use right was initially measured at cost. Following initial recognition, land use right was measured at cost less accumulated amortisation and accumulated impairment. The land use right was amortised on a straight-line basis over the lease term of 66 years and 10 months. The land use right which was classified as asset held for sale was disposed of during the current financial period.

Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associate

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

The Group accounts for its investments in associates using the equity method from the date on which it becomes an associate.

On acquisition of the investment, any excess of the cost of the investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is accounted for as goodwill and is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment is included as income in the determination of the entity's share of the associate's profit or loss in the period in which the investment is acquired.

3 Summary of significant accounting policies (Cont'd)

Associate (Cont'd)

Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. The profit or loss reflects the share of results of the operations of the associates. Distributions received from associates reduce the carrying amount of the investment. Where there has been a change recognised in other comprehensive income by the associates, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and associate are eliminated to the extent of the interest in the associates.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in associate. The Group determines at the end of each reporting period whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss may be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

The financial statements of the associates are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Intangible assets

Intangible assets acquired separately are measured initially at cost. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, if any, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year/period in which the expenditure is incurred.

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

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end/period-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

3 Summary of significant accounting policies (Cont'd)

Intangible assets (Cont'd)

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from de-recognition 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 de-recognised.

(i) Club memberships

Club memberships acquired separately are amortised on a straight-line basis over their estimated useful lives of 25 to 99 years.

(ii) Customer relationships

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

(iii) Software

Software acquired separately are amortised on a straight-line basis over their estimated useful lives of 8 years.

(iv) Licensing fee

License fee incurred is amortised on a straight-line basis over the contractual period of 10 years.

Impairment of non-financial assets

As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value-in-use. 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 for which the estimates of future cash flows have not been adjusted.

3 Summary of significant accounting policies (Cont'd)

Impairment of non-financial assets (Cont'd)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Financial instruments

Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income ("FVOCI"); and
- fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group reclassifies investments in debt instruments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

At initial recognition

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

3 Summary of significant accounting policies (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

At subsequent measurement

Debt instruments

Investments in debt instruments mainly comprise of trade and other receivables, cash and short-term deposits at amortised cost. The subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset are:

- Amortised cost

Investments in debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest method.

- FVOCI

Investments in debt instruments that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the period in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as "dividend income".

3 Summary of significant accounting policies (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Trade receivables

Trade receivables are recognised initially at the amount of consideration that is unconditional to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of a third party, if the trade receivables do not contain a significant financing component.

Other receivables generally arise from transactions outside the normal operating activities of the Group.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVOCI, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade receivables

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but always recognises lifetime ECL. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and the general economic conditions at the reporting date, including time value of money where appropriate.

3 Summary of significant accounting policies (Cont'd)

Impairment of financial assets (Cont'd)

Other receivables and cash and short-term deposits

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL). The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

Financial guarantee contracts

The date that the Group becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of the financial guarantee contracts, the Group considers the changes in the risk that the specified debtor will default on the contract.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost of merchandise and consumables comprise cost of purchase, and are determined using the weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

3 Summary of significant accounting policies (Cont'd)

Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances, and short-term deposits that are readily convertible to known amount of cash and are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

Financial liabilities

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

(i) *Financial liabilities at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVPL, are subsequently measured at amortised cost using the effective interest method. Financial liabilities at amortised cost mainly include trade and other payables, other liabilities, loans and borrowings and lease liabilities.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

(ii) *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial period/year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(iii) *Financial guarantees*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

The Group has issued financial guarantees to banks and a third party for bank borrowings and facilities and amount owing of its subsidiaries. These guarantees are financial guarantee contracts as they require the Group to reimburse these parties if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

3 Summary of significant accounting policies (Cont'd)

Financial liabilities (Cont'd)

(iii) *Financial guarantees (Cont'd)*

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) the amount of the loss allowance determined in accordance with SFRS(I) 9; and

(b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Company's and the Group's normal operating cycle are classified as current. Borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statements of financial position.

(i) *Bank borrowings*

Fees paid on the establishment of borrowing facilities are recognised as transaction costs of the borrowing to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Bank borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Bank borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the bank borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Bank borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

3 Summary of significant accounting policies (Cont'd)

Borrowings (Cont'd)

(i) *Bank borrowings (Cont'd)*

When the contractual cash flows of bank borrowings are modified but do not result in derecognition, difference between the recalculated gross carrying amount and the carrying amount before modification is recognised in profit or loss as modification gain or loss, at the date of modification.

Contract liabilities

A contract liability is the obligation to transfer goods and services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

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 the Group currently has a legally enforceable right to offset the recognised amounts and it intends to either settle them on a net basis or to realise the assets and settle the liabilities simultaneously.

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 the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where 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.

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. In particular, the Company's subsidiaries in Malaysia make contributions to the Employees Provident Fund. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

3 Summary of significant accounting policies (Cont'd)

Employee benefits (Cont'd)

(b) Defined benefit plan

The Group made 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 "Labour Law"). The said provisions, which were unfunded, were estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Actuarial gains or losses were recognised in other comprehensive income when incurred. The unvested past service costs were recognised as an expense in the period they occurred.

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

(c) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain managerial personnel are considered key management personnel.

Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Company and the Group if that person

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Company or the Group or of a parent of the Company.

(b) An entity is related to the Company and the Group if any of the following conditions applies:

- (i) the entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); or
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3 Summary of significant accounting policies (Cont'd)

Share capital and share issue expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

Treasury shares

The Group's own equity instruments, which 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 of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use ("ROU") assets representing the right to use the underlying assets.

<u>*Right-of-use assets*</u>

The Group recognises ROU assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. ROU assets are depreciated on a straight-line basis over the shorter of lease term and the estimated useful lives of the assets, as follows:

Retail outlets and office premise	2 - 20 years
Furniture and equipment	2 - 6 years
Motor vehicles	5 - 7 years

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The ROU assets are also subject to impairment. The accounting policy for impairment is disclosed under "Impairment of non-financial assets".

3 Summary of significant accounting policies (Cont'd)

Leases (Cont'd)

(a) *As lessee (Cont'd)*

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payment made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as expense 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 the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out under "Revenue - Rental income". Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of the underlying asset to the lease are accounted for as finance leases. At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and presented as a receivable at an amount equal to the net investment in the lease.

Where the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the ROU asset arising from the head lease.

3 Summary of significant accounting policies (Cont'd)

Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

<u>Sale of goods</u>

Revenue from sale of goods is recognised upon transfer of significant risks and rewards of ownership of the goods to the customer, usually on 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.

- <u>Customer loyalty award</u>

  The Group operates Parkson Card loyalty programme, which allows 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, subject to a minimum number of points being obtained.

  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 contract liabilities on the balance sheet 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.

<u>Commissions from concessionaire sales</u>

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

<u>Consultancy and management service fees</u>

Consultancy and management service fees are recognised net of service taxes and discounts when the services are rendered.

<u>Rental income</u>

Rental income arising from operating leases on department stores 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.

3 Summary of significant accounting policies (Cont'd)

Revenue (Cont'd)

Interest income

Interest income is recognised using the effective interest method.

Promotion income and sales commissions

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

Revenue from food and beverage operations

Revenue from food and beverage operations are recognised upon delivery and acceptance by customers, net of sale discounts.

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the period/year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and consolidated statement of other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

3 Summary of significant accounting policies (Cont'd)

Income taxes (Cont'd)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax 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 sales tax included.

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

Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

3 Summary of significant accounting policies (Cont'd)

Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

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

Contingent liabilities and assets are not recognised in the financial statements, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measure at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups were classified as held for sale if their carrying amounts would be recovered principally through a sale transaction rather than through continuing use.

A component of the Group is classified a "discontinued operation" when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

Property, plant and equipment and land use rights once classified as held for sale are not depreciated or amortised.

Foreign currency transactions and translation

The functional currency of the Company is Malaysian Ringgit. The Company has chosen to present its financial statements using Singapore Dollar ("SGD") as it is incorporated in Singapore. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

3 Summary of significant accounting policies (Cont'd)

Foreign currency transactions and translation (Cont'd)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised in other comprehensive income.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore Dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header "Other reserves - foreign currency translation reserve".

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but are not reclassified to profit or loss.

In the case of a partial disposal (i.e. no loss of control) of a subsidiary that includes a foreign operation, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. of associates that do not result in the Group losing significant influence), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings, are recognised in other comprehensive income and accumulated in a separate component of equity under the header "Other reserves - foreign currency translation reserve".

3 Summary of significant accounting policies (Cont'd)

Current and non-current classification

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

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- 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 current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification. The Group classifies all other liabilities as non-current.

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

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year/period, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group determines and presents operating segments based on information that is provided internally to the Group's chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments.

Disclosures on the Group's operating segments are provided in Note 32 to the financial statements.

4 Property, plant and equipment

The Group	Note	Renovation	Land	Buildings	Furniture and equipment	Motor vehicles	Total
		SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Cost							
At 1 July 2019		142,322	3,204	28,672	87,829	1,015	263,042
Additions		10,128	-	168	3,252	-	13,548
Disposals		(297)	-	-	(1,476)	(37)	(1,810)
Reclassification		(207)	-	-	207	-	-
Written off		(10,926)	-	-	(4,128)	-	(15,054)
Reclassified as asset held for sale	(e)	-	-	(16,967)	-	-	(16,967)
Exchange differences		249	34	678	(80)	5	886
At 30 June 2020		**141,269**	**3,238**	**12,551**	**85,604**	**983**	**243,645**
Additions		**6,790**	**-**	**-**	**2,860**	**-**	**9,650**
Disposals		**(6,710)**	**-**	**-**	**(12,023)**	**(252)**	**(18,985)**
Reclassification		**(59)**	**-**	**-**	**59**	**-**	**-**
Written off		**(18,073)**	**-**	**-**	**(13,024)**	**-**	**(31,097)**
Deconsolidation of a subsidiary		**(29,845)**	**(3,100)**	**(12,015)**	**(3,608)**	**(166)**	**(48,734)**
Exchange differences		**(2,608)**	**(138)**	**(536)**	**(1,490)**	**(21)**	**(4,793)**
At 31 December 2021		**90,764**	**-**	**-**	**58,378**	**544**	**149,686**
Accumulated depreciation and impairment loss							
At 1 July 2019		96,431	-	7,945	63,689	780	168,845
Depreciation for the year		11,400	-	1,087	8,523	92	21,102
Impairment loss		6,330	-	1,786	3,089	11	11,216
Reversal of impairment for closed stores		-	-	-	(263)	-	(263)
Disposals		(369)	-	-	(1,175)	(37)	(1,581)
Written off		(8,795)	-	-	(3,043)	-	(11,838)
Reclassified as asset held for sale	(e)	-	-	(9,605)	-	-	(9,605)
Exchange differences		534	-	249	11	1	795
At 30 June 2020		**105,531**	**-**	**1,462**	**70,831**	**847**	**178,671**
Depreciation for the period		**12,899**	**-**	**425**	**9,601**	**40**	**22,965**
Impairment loss		**3,341**	**-**	**-**	**6,175**	**-**	**9,516**
Reversal of impairment for closed stores		**-**	**-**	**-**	**(3,517)**	**-**	**(3,517)**
Disposals		**(6,499)**	**-**	**-**	**(11,892)**	**(219)**	**(18,610)**
Written off		**(15,426)**	**-**	**-**	**(12,979)**	**-**	**(28,405)**
Deconsolidation of a subsidiary		**(29,845)**	**-**	**(1,663)**	**(3,248)**	**(135)**	**(34,891)**
Exchange differences		**(1,696)**	**-**	**(224)**	**(621)**	**(26)**	**(2,567)**
At 31 December 2021		**68,305**	**-**	**-**	**54,350**	**507**	**123,162**
Net book value							
At 31 December 2021		**22,459**	**-**	**-**	**4,028**	**37**	**26,524**
At 30 June 2020		35,738	3,238	11,089	14,773	136	64,974

4 Property, plant and equipment (Cont'd)

Included in the net book value of renovation of SGD22,459,000 (30 June 2020 - SGD35,738,000) as at 31 December 2021 is construction work-in-progress ("CWIP") of SGD304,000 (30 June 2020 - SGD3,991,000) which relates to a subsidiary, Parkson Corporation Sdn Bhd. There were CWIP disposals of SGD3,296,000 (Year ended 30 June 2020 - Nil) during the financial period ended 31 December 2021.

(a) Restoration costs

Included in the additions to cost of renovation of SGD6,790,000 (Year ended 30 June 2020 - SGD10,128,000) is provision for restoration costs totalling SGD519,000 (Year ended 30 June 2020 - SGD1,327,000) provided for during the financial period ended 31 December 2021. The movements in provision for restoration costs are disclosed in Note 19 to the financial statements.

(b) Construction work-in-progress (included in renovation)

Construction work-in-progress comprises ongoing renovations for stores. These construction work-in-progress will be transferred to appropriate categories of property, plant and equipment when they are ready for their intended use.

(c) Impairment of assets

During the financial period ended 31 December 2021, the Group continues to make an assessment on the recoverable amounts of certain underperforming stores. The recoverable amounts are based on the value-in-use calculations using cash flow projections based on financial budgets approved by management of the Group. Key assumptions used in the calculation of recoverable amounts are revenue growth rate, budgeted gross margin, discount rate and cost of debt (pre-tax). The values assigned to the key assumptions represent management's assessment of future trends in the industry that the Group operates in and are based on both external and internal sources.

The pre-tax discount rate applied to the cash flow projections for Malaysia and Vietnam are 8.0% (30 June 2020 - 12%) and 8.9% (30 June 2020 - 18%) respectively.

As a result of the assessment, the Group recorded impairment charges of SGD9,516,000 (Year ended 30 June 2020 - SGD11,216,000) in respect of property, plant and equipment of its underperforming stores.

The Group reversed impairment charges of SGD3,517,000 (Year ended 30 June 2020 - SGD263,000) in respect of property, plant and equipment of closed stores in Malaysia and Vietnam arising from assets being written off during the financial period ended 31 December 2021.

4 Property, plant and equipment (Cont'd)

(d) Assets held by a subsidiary in liquidation

Details of the land and buildings held by PT Tozy (in liquidation) as at 30 June 2020 were as follows:

Property name/ Location	Description	Tenure	Net book value 30 June 2020 SGD'000
Tangerang Selatan, Banten, Indonesia	Two pieces of land with a total area of 2,981 square metres	Building Use Rights (Hak Guna Bangunan or HGB) which one HGB expired on 18 December 2020 and was renewed and extended to 18 December 2040 and the other HGB expires on 20 October 2028	3,238
	Building area of 19,355 square metres		11,089
			14,327

(e) Asset classified as held for sale

In the financial year ended 30 June 2020, the Group identified and commenced negotiations with a potential purchaser for the disposal of the plot of land use right (Note 5) and building (whole retail podium of Parkson TD Plaza Shopping Centre, a mixed commercial and residential development) in Haiphong City, Vietnam.

On 27 July 2020, the Group announced that it had entered into a conditional Asset Transfer Agreement with the purchaser pursuant to which the Group agreed to sell the said plot of land use right and building for a cash consideration of USD10 million inclusive of value added tax. Consequently, the land use right and building were classified as an asset held for sale reported under the retail business segment and geographical segment in Vietnam (Note 32) as at 30 June 2020.

The Group had received the consideration of US$9,500,864 (VND217,380 million) in full by 20 September 2021 and completed the disposal of asset held for sale on 1 October 2021. This transaction resulted in a loss on disposal of SGD191,000 included in the profit from discontinued operation for the financial period ended 31 December 2021 (Note 27).

The net carrying amount of the building and land use right as at the reporting date was:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Building	**-**	7,362
Land use right (Note 5)	**-**	5,875
	-	13,237

5 Land use right

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Cost		
At beginning of period/year	**-**	8,547
Reclassified as asset held for sale (Note 4(e))	**-**	(8,832)
Exchange differences	**-**	285
At end of period/year	**-**	-
Accumulated amortisation and impairment loss		
At beginning of period/year	**-**	1,343
Amortisation for the period/year	**-**	131
Impairment loss	**-**	1,425
Reclassified as asset held for sale (Note 4(e))	**-**	(2,957)
Exchange differences	**-**	58
At end of period/year	**-**	-
Net carrying amount	**-**	-

In the financial year ended 30 June 2020, the Group had identified and commenced negotiations with a potential purchaser for the disposal of the plot of land use right and building in Haiphong City, Vietnam. Consequently, land use right were classified as an asset held for sale as at 30 June 2020 (Note 4(e)).

The disposal of asset held for sale was completed on 1 October 2021.

6 Investments in subsidiaries

The Company	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Unquoted equity instruments, at cost	**163,702**	210,477
Less: Impairment losses		
Balance at beginning of period/year	**(53,171)**	(38,815)
Impairment loss for the period/year	**-**	(14,356)
Impairment loss written off	**44,810**	-
Balance at end of period/year	**(8,361)**	(53,171)
Exchange difference	**(30,555)**	(31,736)
	124,786	125,570

6 Investments in subsidiaries (Cont'd)

The amount of SGD124,786,000 (30 June 2020 - SGD125,570,000) as at 31 December 2021 relates to investment in a subsidiary, Parkson Corporation Sdn Bhd. Following the loss of control of PT Tozy which went into liquidation from 17 May 2021, the cost of investment of SGD46,775,000 which had been fully impaired was written off during the financial period ended 31 December 2021.

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activities
		31 December 2021 %	30 June 2020 %	
Held by the Company				
Parkson Corporation Sdn Bhd[b]	Malaysia	**100**	100	Operation of department stores
Centro Retail Pte Ltd[a]	Singapore	**100**	100	Investment holding
PT Tozy Sentosa[f]	Indonesia	**(*)100**	(*)100	Under liquidation
Parkson Myanmar Co Pte Ltd[a]	Singapore	**100**	100	Investment holding
Parkson Yangon Co Ltd[d]	Myanmar	**(**)100**	(**)100	Dormant
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[c]	Vietnam	**100**	100	Operation of a department store
Parkson Haiphong Co Ltd[c]	Vietnam	**100**	100	Operations ceased upon hand-over of premises to landlord towards end of December 2021 (See Note 27)
Kiara Innovasi Sdn Bhd[e]	Malaysia	**-**	100	Dormant
Parkson Cambodia Holdings Co Ltd[d]	British Virgin Islands	**100**	100	Investment holding
Parkson SGN Co Ltd[c]	Vietnam	**100**	100	Dormant
Parkson Edutainment World Sdn Bhd[b]	Malaysia	**100**	100	Dormant

6 Investments in subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activities
		31 December 2021 %	30 June 2020 %	
Held by Parkson Corporation Sdn Bhd (Cont'd)				
Parkson Lifestyle Sdn Bhd[(b)]	Malaysia	**100**	100	Trading of apparels and consumer products
Parkson Unlimited Beauty Sdn Bhd[(b)]	Malaysia	**100**	100	Distribution and sales of fragrance and beauty care products
Parkson Private Label Sdn Bhd[(b)]	Malaysia	**100**	100	Trading of apparels and consumer products
Solid Gatelink Sdn Bhd[(b)]	Malaysia	**100**	100	Operation of food and beverage business
Parkson Trends Sdn Bhd[(b)]	Malaysia	**100**	100	Trading of apparels and consumer products
Parkson Trading (Vietnam) Co Ltd[(c)]	Vietnam	**100**	100	Wholesaler of apparels and consumer products
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd[(c)]	Vietnam	**100**	100	Dormant
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd[(d)]	Cambodia	**100**	100	Dormant
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd[(a)]	Singapore	**70**	70	Investment holding
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd[(a)]	Singapore	**100**	100	Investment holding
Myanmar Parkson Company Limited[(d)]	Myanmar	**(***)100**	(***)100	Dormant

6 Investments in subsidiaries (Cont'd)

(a) Audited by Foo Kon Tan LLP
(b) Audited by Grant Thornton Malaysia PLT, Malaysia
(c) Audited by AASC Ltd, Vietnam
(d) Not material to the Group and the names of audit firms are not required to be disclosed under SGX Listing Rule 717
(e) De-registered on 12 October 2021
(f) PT Tozy went into liquidation from 17 May 2021
(*) 0.02% (30 June 2020 - 0.02%) held via Centro Retail Pte Ltd
(**) 5% (30 June 2020 - 5%) held via Parkson Myanmar Co Pte Ltd
(***) 10% (30 June 2020 - 10%) held via Parkson Myanmar Asia Pte Ltd

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group and of the Company.

(a) Impairment

During the financial period ended 31 December 2021, the Company has assessed the carrying amounts of its investments in subsidiaries for indicators of impairment and carried out a review on the recoverable amount of the loss-making subsidiaries. The estimated recoverable amount is determined based on value-in-use calculations. The calculation uses pre-tax cash flow projections based on financial budget approved by the management covering a three-year period. The cash flow projections included specific estimates for three years and a terminal growth rate thereafter. No impairment loss has been provided for the financial period ended 31 December 2021.

In the financial year ended 30 June 2020, an impairment loss of SGD14,356,000 was recognised as the carrying amount of the investment in PT Tozy Sentosa ("PT Tozy"), exceeded the estimated recoverable amount determined based on value-in-use calculation. The pre-tax discount and long term growth rate used in the cash flow projections were 19.28% and 2% respectively. PT Tozy went into liquidation from 17 May 2021.

(b) Interest in subsidiaries with material non-controlling interest ("NCI")

The Group has no subsidiary that has material NCI as at the reporting date.

(c) Loss of control of a subsidiary

On 18 May 2021, the Board of Directors of the Company announced that the Company has ceased to have control over PT Tozy which went into liquidation from 17 May 2021. The financial performance, changes in equity and cash flows of PT Tozy is consolidated up to the date where loss of control occurred (i.e. 17 May 2021) based on unaudited management accounts for which management of the Group has made certain assessments to the financial numbers, where practicable.

6 Investments in subsidiaries (Cont'd)

(c) Loss of control of a subsidiary (Cont'd)

Details of net assets/(liabilities) derecognised arising from the derecognition are as follows:

	17 May 2021
	SGD'000
Property, plant and equipment	**13,843**
Tax recoverable	**30**
Inventories	**101**
Trade and other receivables	**1,587**
Cash and bank balances	**617**
Trade and other payables	**(31,017)**
Lease liabilities	**(52,720)**
Write back of liabilities – proof of debts not submitted	**53,893**
Net liabilities derecognised	**(13,666)**
Gain on derecognition of a subsidiary	**13,666**
Cash consideration received	**-**

Net cash outflows arising from derecognition of a subsidiary are as follows:

	17 May 2021
	SGD'000
Cash consideration received	**-**
Cash and bank balances in subsidiary derecognised	**(617)**
Net cash outflows	**(617)**

7 Investment in an associate

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Unquoted equity investment, at cost	**5,178**	5,178
Impairment loss at beginning and at end of period/year	**(5,252)**	(5,252)
Share of post-acquisition reserves	**-**	-
Exchange difference	**74**	74
	-	-

7 Investment in an associate (Cont'd)

Details of the associate are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activities
		31 December 2021 %	30 June 2020 %	
Held by Parkson Vietnam Co Ltd				
Parkson Hanoi Co Ltd[a]	Vietnam	**45**	45	Dormant

[a] Audited by AASC Ltd.

In accordance with Rule 715 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of a different auditor for its associate would not compromise the standard and effectiveness of the audit of the Group.

Summarised financial information of the associate

The summarised financial information of the associate based on its International Financial Reporting Standard financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements are as follows:

	Parkson Hanoi Co Ltd	
	31 December 2021 SGD'000	30 June 2020 SGD'000
Statement of financial position		
Current assets, representing total assets	**403**	409
Current liabilities, representing total liabilities	**(15,590)**	(15,819)
Net liabilities, representing deficit in equity	**(15,187)**	(15,410)
Proportion of the Group's ownership	**45%**	45%
Group's share of net liabilities	**(6,834)**	(6,935)
Group's share of net liabilities not recognised	**6,834**	6,935
Group's carrying amount of the investment	**-**	-

7 Investment in an associate (Cont'd)

Summarised financial information of the associate (Cont'd)

	Parkson Hanoi Co Ltd	
	Period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020
	SGD'000	SGD'000
Statement of profit or loss and other comprehensive income		
Revenue	**-**	-
Loss after tax, representing total comprehensive income for the period/year	**-**	(3)
Proportion of the Group's ownership	**45%**	45%
Group's share of current period's/year's unrecognised loss	**-**	(1)
Group's cumulative share of unrecognised losses	**(832)**	(832)

8 Deferred tax assets/Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**5,351**	5,332
Deferred tax liabilities	**(530)**	(2,156)
	4,821	3,176

The deferred tax assets and liabilities are expected to be recovered after 1 year from the reporting date.

8 Deferred tax assets/Deferred tax liabilities (Cont'd)

The Group	Provisions SGD'000	Total deferred tax assets SGD'000	Difference in depreciation for tax purpose SGD'000	Unremitted foreign earnings SGD'000	Total deferred tax liabilities SGD'000	Total SGD'000
	<--Deferred tax assets--->		<----------Deferred tax liabilities----------->			
At 30 June 2020	4,730	4,730	(1,584)	(439)	(2,023)	2,707
Recognised in profit or loss	633	633	(586)	-	(586)	47
Exchange translation difference	(31)	(31)	14	2	16	(15)
At 30 June 2020	**5,332**	**5,332**	**(2,156)**	**(437)**	**(2,593)**	**2,739**
Recognised in profit or loss	**55**	**55**	**1,622**	**434**	**2,056**	**2,111**
Exchange translation difference	**(36)**	**(36)**	**4**	**3**	**7**	**(29)**
At 31 December 2021	**5,351**	**5,351**	**(530)**	**-**	**(530)**	**4,821**

The Company	Unremitted foreign earnings SGD'000	Total SGD'000
At 1 July 2019	(439)	(439)
Exchange translation difference	2	2
At 30 June 2020	(437)	(437)
Recognised in profit or loss	**434**	**434**
Exchange translation difference	**3**	**3**
At 31 December 2021	**-**	**-**

Unrecognised tax losses

At the end of the reporting period/year, the Group has tax losses of approximately SGD86,841,000 (30 June 2020 - SGD134,402,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for an amount of SGD35,043,000 (30 June 2020 - SGD92,763,000) which will expire in 2022-2026 (2020 - 2021-2025).

9 Trade and other receivables

		The Group		The Company	
		31 December 2021	30 June 2020	**31 December 2021**	30 June 2020
	Note	**SGD'000**	SGD'000	**SGD'000**	SGD'000
Current:					
Trade receivables	(a)	**2,517**	3,670	**-**	-
Less: Allowance for expected credit losses	(a)	**(537)**	(1,682)	**-**	-
		1,980	1,988	**-**	-
Credit card receivables	(b)	**1,873**	630	**-**	-
Sales tax receivables		**2,594**	2,739	**-**	-
Sundry receivable from sale of gift vouchers		**12**	67	**-**	-
Other receivables	(c)	**2,771**	4,482	**-**	-
Amount due from managed stores	(c)	**4,256**	4,338		
Advances to suppliers		**-**	198	**-**	-
Rental deposits	(d)	**1,517**	1,896	**-**	-
Other deposits	(e)	**11,051**	12,005	**-**	-
Net investments in sublease	(f)	**3,151**	2,714	**-**	-
Amount due from related companies (non-trade)	(g)	**6,605**	6,160	**18,781**	26,050
		33,830	35,229	**18,781**	26,050
Less: Allowance for expected credit losses	(a)	**(20,676)**	(22,573)	**(18,781)**	(26,050)
		13,154	12,656	**-**	-
		15,134	14,644	**-**	-
Non-current:					
Rental deposits	(d)	**10,117**	13,864	**-**	-
Other deposits		**2**	421	**-**	-
Net investments in sublease	(f)	**33,479**	22,671	**-**	-
		43,598	36,956	**-**	-
Less: Allowance for expected credit losses	(a)	**(3,620)**	(3,741)	**-**	-
		39,978	33,215	**-**	-
Total trade and other receivables (current and non-current)		**55,112**	47,859	**-**	-
Add: Cash and short-term deposits (Note 14)		**69,061**	10,169	**59**	115
Less:					
Sales tax receivables		**(2,594)**	(2,739)	**-**	-
Advances to suppliers		**-**	(198)	**-**	-
Total financial assets carried at amortised cost		**121,579**	55,091	**59**	115

9 Trade and other receivables (Cont'd)

(a) Trade receivables

Trade receivables comprise rental receivables and receivables from point redemption of an external loyalty programme. Trade receivables are non-interest bearing and are generally on 10 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Expected credit losses

The movement in allowance for expected credit losses computed based on lifetime ECL are as follows:

The Group	Trade receivables SGD'000	Other receivables SGD'000	Amount due from managed stores SGD'000	Amount due from an associate SGD'000	Rental deposits SGD'000	Other deposits SGD'000	Total SGD'000
At 1 July 2019	1,031	755	4,099	3,856	3,630	10,967	24,338
Charge for the year	786	240	-	-	-	-	1,026
Write-back	(8)	-	-	-	-	-	(8)
Write-off	(45)	-	-	-	-	-	(45)
Exchange differences	(82)	563	239	2,077	111	(223)	2,685
At 30 June 2020	**1,682**	**1,558**	**4,338**	**5,933**	**3,741**	**10,744**	**27,996**
Charge for the period	**45**	**145**	**-**	**-**	**-**	**-**	**190**
Write-off	**(1,181)**	**(1,244)**	**-**	**-**	**-**	**-**	**(2,425)**
Deconsolidation of a subsidiary	**-**	**(449)**	**-**	**-**	**-**	**-**	**(449)**
Exchange differences	**(9)**	**427**	**(82)**	**(87)**	**(121)**	**(607)**	**(479)**
At 31 December 2021	**537**	**437**	**4,256**	**5,846**	**3,620**	**10,137**	**24,833**

The Company	Due from an associate SGD'000	Due from subsidiaries SGD'000	Total SGD'000
At 1 July 2019	82	10,886	10,968
Charge for the year	-	15,094	15,094
Exchange differences	(1)	(11)	(12)
At 30 June 2020	**81**	**25,969**	**26,050**
Charge for the period	**-**	**3,813**	**3,813**
Write-back	**-**	**(10,719)**	**(10,719)**
Exchange differences	**(10)**	**(353)**	**(363)**
At 31 December 2021	**71**	**18,710**	**18,781**

(b) Credit card receivables

Credit card receivables are trade related, non-interest bearing and generally on 1 to 7 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

9 Trade and other receivables (Cont'd)

(c) Other receivables and amount due from managed stores

Other receivables and amount due from managed stores are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

(d) Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 18 years (30 June 2020 - 1 to 18 years). Rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

In 2017, the Group carried out a review on the recoverable amount of its rental deposits and recognised an impairment loss of SGD3,231,000 in respect of rental deposit of a planned store in Cambodia. In 2018, the Group issued letter of termination of lease agreement due to prolonged delays in the completion and handing over the premises by the lessor. On 14 September 2020, the Singapore International Arbitration Centre ("SIAC") issued a final award wherein the SIAC Arbitration found, *inter alia*, that the lease agreement was lawfully terminated by the Group (see further details in Note 36).

Included in rental deposits is an amount of SGD323,000 (30 June 2020 - SGD326,000) relating to a department store at M Square which has ceased operations. The Group has served a notice of lease termination to the lessor of M Square and is currently in litigation with the lessor (see Note 36).

Rental deposits denominated in foreign currencies are as follows:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
United States Dollar	**2,205**	3,211

(e) Other deposits (current)

Included in other deposits is an amount of SGD10,137,000 (30 June 2020 - SGD10,287,000) paid by Parkson Vietnam Co Ltd to the individual owners of two Vietnamese companies as well as to one of these Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies ("managed stores"). These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

These deposits have been fully impaired as the managed stores have been persistently making losses.

9 Trade and other receivables (Cont'd)

(f) Net investments in sublease

The Group recognises net investments in sublease as a result of sublease contracts classified as finance leases.

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Undiscounted lease payments to be received:		
- Year 1	**5,658**	4,072
- Year 2	**5,799**	3,836
- Year 3	**5,952**	4,198
- Year 4	**6,108**	4,268
- Year 5	**6,047**	4,459
- Year 6 and onwards	**19,535**	18,699
Gross investment in leases	**49,099**	39,532
Less: Unearned finance income	**(13,503)**	(12,299)
Present value of lease payments receivables	**35,596**	27,233
Exchange difference	**1,034**	(1,848)
Net investments in sublease	**36,630**	25,385
Presented as:		
- Current	**3,151**	2,714
- Non-current	**33,479**	22,671
	36,630	25,385

During the financial period ended 31 December 2021, the Group's net investments in sublease have increased because the Group enters into additional subleasing of retail premises. Information about the Group's leasing activities are disclosed in Note 21 to the financial statements.

The net investments in sublease have an average effective interest rate of approximately 11.8% (Year ended 30 June 2020 - 7.3%) per annum.

Fair value of the non-current portion of net investments in sublease approximates its carrying amount because the contractual interest rates approximate the current market borrowing rates for similar instruments.

The Group estimates the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience, the Group considers that no finance lease receivable is credit impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

9 Trade and other receivables (Cont'd)

(g) <u>Amounts due from related companies/subsidiaries</u>

Amounts due from subsidiaries of SGD10,204,000 (30 June 2020 - SGD11,368,000) are unsecured, bear interest at rates ranging from 5.00% to 8.61% per annum and are repayable from 2021 to 2025. The amounts due from related companies are repayable on demand.

During the financial period ended 31 December 2021, the Company continues to review the recoverable amount of balances due from its loss-making subsidiaries and recognised further impairment losses of SGD3,813,000 (Year ended 30 June 2020 - SGD15,094,000) in profit or loss.

10 Prepayments

	The Group		The Company	
	31 December 2021 SGD'000	30 June 2020 SGD'000	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Current:				
Prepaid rental	**28**	62	**-**	-
Prepayment to suppliers	**-**	432	**-**	-
Others	**1,090**	773	**-**	12
	1,118	1,267	**-**	12
Non-current:				
Others	**4**	86	**-**	-
	4	86	**-**	-

11 Intangible assets

The Group	Goodwill	Club memberships	Computer software	Licensing fee	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Cost					
At 1 July 2019	3,931	83	2,414	922	7,350
Additions	-	-	39	-	39
Exchange differences	42	(1)	39	(5)	75
At 30 June 2020	**3,973**	**82**	**2,492**	**917**	**7,464**
Deconsolidation of a subsidiary	**(3,835)**	**-**	**(940)**	**-**	**(4,775)**
Exchange differences	**(138)**	**-**	**(163)**	**(6)**	**(307)**
At 31 December 2021	**-**	**82**	**1,389**	**911**	**2,382**
Accumulated amortisation and impairment loss					
At 1 July 2019	3,931	21	1,917	620	6,489
Amortisation for the year	-	-	131	48	179
Impairment for the year	-	-	-	255	255
Exchange differences	42	-	32	(7)	67
At 30 June 2020	**3,973**	**21**	**2,080**	**916**	**6,990**
Amortisation for the period	**-**	**-**	**103**	**-**	**103**
Impairment for the period	**-**	**-**	**182**	**-**	**182**
Deconsolidation of a subsidiary	**(3,835)**	**-**	**(940)**	**-**	**(4,775)**
Exchange differences	**(138)**	**-**	**(69)**	**(5)**	**(212)**
At 31 December 2021	**-**	**21**	**1,356**	**911**	**2,288**
Net carrying amount					
At 31 December 2021	**-**	**61**	**33**	**-**	**94**
At 30 June 2020	-	61	412	1	474

Goodwill was related to the intangibles acquired through business combinations which was allocated to the cash-generating unit reported under the geographical segment in Indonesia (Note 32). The operations in the Indonesia geographical segment were managed by one of the Company's subsidiaries, PT Tozy Sentosa which went into liquidation since May 2021.

Licensing fee relates to payment in respect of the Group's exclusive right to develop and operate bakery stores using the Hogan trademark and technical know-how in Malaysia.

12 Investment securities

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Non-current:		
At fair value through other comprehensive income ("FVOCI")		
Equity securities (unquoted)		
- Lion Insurance Company Limited	**278**	183

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation. During the financial period ended 31 December 2021, the Group recognised a dividend of SGD27,000 from the investee (Year ended 30 June 2020 - Nil).

13 Inventories

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Merchandise inventories, at net realisable value	**19,465**	41,153
Consumables	**-**	121
	19,465	41,274

	Period from 1 July 2020 to 31 December 2021 SGD'000	Year ended 30 June 2020 SGD'000
Inventories recognised as an expense in changes in merchandise inventories and consumables	**88,158**	106,068
Inclusive of the following charge:		
- Allowance for inventory shrinkage	**389**	366
- Allowance for inventory obsolescence	**283**	671

14 Cash and short-term deposits

	The Group		The Company	
	31 December 2021 SGD'000	30 June 2020 SGD'000	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Cash and bank balances	**7,703**	7,808	**59**	115
Short-term deposits placed with				
- licensed banks	**27,384**	2,361	**-**	-
- financial institutions	**33,974**	-	**-**	-
Cash and short-term deposits	**69,061**	10,169	**59**	115

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short-term deposit rates and have varying periods of maturities within three months. The weighted average effective interest rate of these short-term deposits for the Group as at 31 December 2021 was 1.77% (30 June 2020 - 2.75%) per annum.

As at 31 December 2021, short-term deposits of SGD6,675,000 (30 June 2020 - SGD2,361,000) are pledged to a bank for facilities granted to a subsidiary (Note 20(a)).

Cash and short-term deposits denominated in foreign currencies are as follows:

	The Group		The Company	
	31 December 2021 SGD'000	30 June 2020 SGD'000	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Ringgit Malaysia	**64,417**	5,573	**4**	7
Indonesian Rupiah	**-**	2,070	**-**	-
Myanmar Kyat	**88**	192	**-**	-
Singapore Dollar	**55**	108	**55**	108
Vietnamese Dong	**3,729**	1,181	**-**	-
United States Dollar	**772**	1,045	**-**	-
	69,061	10,169	**59**	115

15(a) Share capital

The Group and The Company	**31 December 2021**	30 June 2020	**31 December 2021**	30 June 2020
	No. of ordinary shares		**SGD'000**	SGD'000
Issued and fully paid with no par value:				
Balance as at beginning and end of the period/year	**677,300**	677,300	**231,676**	231,676

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

15(b) Treasury shares

The Group and The Company	**31 December 2021**	30 June 2020	**31 December 2021**	30 June 2020
	No. of ordinary shares		**SGD'000**	SGD'000
Balance as at beginning and end of the period/year	**3,500**	3,500	**549**	549

Treasury shares relate to ordinary shares of the Company that are held by the Company.

16 Other reserves

		The Group		The Company	
	Note	**31 December 2021**	30 June 2020	**31 December 2021**	30 June 2020
		SGD'000	SGD'000	**SGD'000**	SGD'000
Foreign currency translation reserve	(a)	**(49,055)**	(51,920)	**(49,002)**	(48,356)
Capital redemption reserve	(b)	**1**	1	**-**	-
Acquisition reserve	(c)	**(2,762)**	(2,762)	**-**	-
Capital contribution from ultimate holding company	(d)	**9,959**	9,959	**-**	-
Fair value reserve		**198**	102	**-**	-
Merger reserve	(e)	**(123,753)**	(123,753)	**-**	-
		(165,412)	(168,373)	**(49,002)**	(48,356)

16 Other reserves (Cont'd)

(a) Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company and subsidiaries whose functional currencies are different from that of the Company and Group's presentation currency.

(b) Capital redemption reserve arose from redemption of preference shares of a subsidiary, Parkson Corporation Sdn Bhd, in previous years.

(c) Acquisition reserve mainly represents the discount on acquisition of 30% non-controlling interests of Parkson Edutainment World Sdn Bhd.

Capital contribution from ultimate holding company, Parkson Holdings Berhad ("PHB"), represents the equity-settled share options granted by PHB to eligible employees of the Group. This capital contribution is made up of the cumulative value of services received from eligible employees recorded on grant of share options under the Executive Share Option Scheme of PHB ("PHB ESOS") for eligible employees of the Group.

(d) Capital contribution of SGD9,959,000 (30 June 2020 - SGD9,959,000) from ultimate holding company, Parkson Holdings Berhad ("PHB"), represents the equity-settled share options granted by PHB to eligible employees of the Group. This capital contribution is made up of the cumulative value of services received from eligible employees recorded on grant of share options under the PHB ESOS for eligible employees of the Group.

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 31 December 2021, no options under the Parkson Retail ESOS have been granted. Due to the adoption of the Parkson Retail ESOS, the options held by the eligible employees of the Group under the PHB ESOS were terminated on 31 May 2012 in accordance with the relevant Bylaw of the PHB ESOS which do not allow participation in other company's option scheme. Accordingly, the exercise period for the options under the PHB ESOS granted to the employees of the Group that were due to expire on 6 May 2013 were terminated on 31 May 2012.

(e) This represents the difference between the consideration paid and the paid-in capital of the subsidiaries when entities under common control are accounted for by applying the "pooling of interest method".

17 Trade and other payables

		The Group		The Company	
		31 December 2021	30 June 2020	**31 December 2021**	30 June 2020
	Note	**SGD'000**	SGD'000	**SGD'000**	SGD'000
Current:					
Trade payables	(a)	**102,788**	80,493	**-**	-
Payables to suppliers of property, plant and equipment		**769**	843	**-**	-
Other payables	(b)	**9,412**	9,453	**497**	325
Sales tax payables		**115**	169	**-**	-
Rental deposits	(c)	**9,556**	582	**-**	-
Deferred lease income	(c)	**180**	11	**-**	-
Non-trade amounts due to:	(d)				
- ultimate holding company		**-**	-	**6,483**	1,135
- related companies		**16,184**	6,126	**601**	605
- an associate		**3**	8	**-**	-
- a subsidiary		**-**	-	**4,860**	4,793
		139,007	97,685	**12,441**	6,858
Non-current:					
Rental deposits	(c)	**2,623**	2,506	**-**	-
Deferred lease income	(c)	**-**	272	**-**	-
Provision for severance allowance		**16**	20	**-**	-
Defined benefit plan	(e)	**-**	1,076	**-**	-
Other payables		**-**	380	**-**	-
		2,639	4,254	**-**	-
Total trade and other payables (current and non-current)		**141,646**	101,939	**12,441**	6,858
Add:					
Other liabilities (Note 18(a))		**14,644**	25,050	**909**	510
Loans and borrowings (Note 20)		**13,784**	17,483	**8,905**	8,961
Lease liabilities (Note 21)		**215,556**	346,958	**-**	-
Less:					
Sales tax payables		**(115)**	(169)	**-**	-
Deferred lease income		**(180)**	(283)	**-**	-
Provision for severance allowance		**(16)**	(20)	**-**	-
Defined benefit plan		**-**	(1,076)	**-**	-
Total financial liabilities carried at amortised cost		**385,319**	489,882	**22,255**	16,329

17 Trade and other payables (Cont'd)

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

(b) Other payables

Other payables are non-interest bearing and are normally settled on 30 to 90 days' terms.

Other payables denominated in foreign currencies as at the reporting date are as follows:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Current:		
Singapore Dollar	**-**	19

(c) Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Rental deposits have maturity ranging from 1 to 13 years (30 June 2020 - 1 to 13 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

Rental deposits denominated in foreign currencies as at the reporting date are as follows:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
United States Dollar	**-**	67

(d) Amounts due to ultimate holding company/related companies/an associate/a subsidiary

These balances are unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

17 Trade and other payables (Cont'd)

(e) <u>Defined benefit plan</u>

As required under the Indonesian Labour Law No.13/2003, the Group made provision for employee service entitlements in order to meet the minimum benefits to be paid to qualified employees of a subsidiary, PT Tozy Sentosa, which is under liquidation since 17 May 2021.

The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan were as follows:

	Financial period from 1 July 2020 to 17 May 2021	Year ended 30 June 2020
Annual discount rate	**8.00%**	8.00%
Future annual salary increment	**8.00%**	8.00%
Retirement age	**55 years of age**	55 years of age

The following table summarises the components of net employee benefits expense recognised in the consolidated profit or loss:

The Group	**Financial period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Current service cost	**592**	119
Interest cost on benefit obligations	**-**	72
Net benefit expense recognised in profit or loss	**592**	191

Changes in the present value of the defined benefit obligations were as follows:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Benefits obligations at beginning of period/year	**1,076**	940
Recognised in profit or loss	**592**	191
Payment from the plan	**-**	(64)
Deconsolidation of a subsidiary	**(1,617)**	-
Exchange difference	**(51)**	9
Benefits obligations at end of period/year	**-**	1,076

As disclosed in Note 6(c) to the financial statements, the financial performance of PT Tozy was consolidated up to 17 May 2021 and the net assets/liabilities as at 17 May 2021 have been derecognised arising from the Company's loss of control of PT Tozy.

18(a) Other liabilities

	The Group		The Company	
	31 December 2021	30 June 2020	**31 December 2021**	30 June 2020
	SGD'000	SGD'000	**SGD'000**	SGD'000
Accrued operating expenses	**9,402**	16,995	**-**	-
Accrued staff costs	**1,858**	966	**-**	-
Accrued expenses for additions to property, plant and equipment	**1,876**	5,667	**-**	-
Accrued interest on loans from ultimate holding company	**918**	510	**909**	510
Others	**590**	912	**-**	-
	14,644	25,050	**909**	510

18(b) Contract liabilities

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Deferred revenue from:		
- Gift cards/vouchers sold	**5,801**	7,111
- Customer loyalty award	**1,095**	2,100
	6,896	9,211

Contract liabilities relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers for the sale of gift cards/vouchers and under the customer loyalty programme. 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. Contract liabilities are recognised as revenue as the Group performs under the contract.

<u>Deferred revenue from gift cards/vouchers sold</u>

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
At beginning of period/year	**7,111**	9,274
Arising during the period/year	**12,723**	14,101
Recognised as revenue	**(14,092)**	(16,221)
Exchange differences	**59**	(43)
At end of period/year	**5,801**	7,111

18(b) Contract liabilities (Cont'd)

Deferred revenue from customer loyalty award

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
At beginning of period/year	**2,100**	2,668
Additions, net	**2,312**	2,929
Recognised as revenue	**(3,271)**	(3,509)
Exchange differences	**(46)**	12
At end of period/year	**1,095**	2,100

The deferred revenue from customer loyalty award is estimated based on the amount of accumulated purchases outstanding as at the end of the reporting date that are expected to be redeemed in the future.

19 Provisions

The Group	Note	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Current:			
- Provision for restoration costs	(a)	**1,350**	1,447
- Provision for onerous contract	(b)	**-**	-
		1,350	1,447
Non-current:			
- Provision for restoration costs	(a)	**5,089**	6,882
- Provision for onerous contract	(b)	**-**	-
		5,089	6,882
Total provisions (current and non-current)		**6,439**	8,329

(a) Provision for restoration costs (current and non-current)

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
At beginning of period/year	**8,329**	7,646
Additions (Note 4(a))	**519**	1,327
Reversal against property, plant and equipment	**(2,041)**	(778)
Utilisation	**(496)**	(375)
Unwinding of discount	**200**	529
Exchange differences	**(72)**	(20)
At end of period/year	**6,439**	8,329

19 Provisions (Cont'd)

(b) Provision for onerous contract (current and non-current)

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
At beginning of period/year	**-**	6,519
Reversal against property, plant and equipment	**-**	(2,002)
Reclassified to right-of-use assets	**-**	(4,517)
At end of period/year	**-**	-

20 Loans and borrowings

	Note	The Group **31 December 2021 SGD'000**	30 June 2020 SGD'000	The Company **31 December 2021 SGD'000**	30 June 2020 SGD'000
Current					
Bank overdraft	(a)	**364**	2,599	**-**	-
Bankers' acceptance	(a)	**1,887**	1,943	**-**	-
Loan from a third party	(b)	**1,327**	-		
Loan from owner of a managed store (Vietnam)	(c)	**1,301**	1,320	**-**	-
		4,879	5,862	**-**	-
Non-current					
Loan from a third party	(b)	**-**	1,395	**-**	-
Loans from ultimate holding company	(d)	**8,905**	10,226	**8,905**	8,961
		8,905	11,621	**8,905**	8,961
Total loans and borrowings		**13,784**	17,483	**8,905**	8,961

(a) <u>Bank overdraft and bankers' acceptance</u>

The bank borrowings are secured by short-term deposits of SGD6,675,000 (2020 - SGD2,361,000) (Note 14) and a corporate guarantee from a subsidiary, Parkson Corporation Sdn Bhd ("PCSB"), in favour of a bank for guarantee extended to a fellow subsidiary.

Following this, in May 2021, two banks have placed restrictions on PCSB:

- to release any additional/new intercompany loans, advances and investments in subsidiaries; and
- to make any repayment of non-trade intercompany loans and advances.

20 Loans and borrowings (Cont'd)

(a) Bank overdraft and bankers' acceptance (Cont'd)

The weighted average effective interest rates at the reporting date are as follows:

	31 December 2021	30 June 2020
Bank overdraft	**2.8%**	6.7%
Bankers' acceptance	**4.8%**	5.3%

(b) Loan from a third party

Loan from a third party is unsecured and repayable on 15 October 2022. The loan bears interest at 7% (30 June 2020 - 7%) per annum.

(c) Loan from owner of a managed store (Vietnam)

Loan from owner of a managed store is unsecured and has no fixed terms of repayment. The loan bears interest at 0% (30 June 2020 - 0%) per annum.

(d) Loans from ultimate holding company

The loans from ultimate holding company are unsecured, bear interest at 3% (30 June 2020 - 3% to 7%) per annum and are repayable from first half of 2022, the third anniversary of each drawdown.

The Group has unutilised banking facilities of approximately SGD2,506,000 (30 June 2020 - SGD7,263,000) as at 31 December 2021 that is available for use.

21 Leases

The Group as lessee

The Group has lease contracts for retail and office premises, furniture and equipment and motor vehicles. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

21 Leases (Cont'd)

The Group as lessee (Cont'd)

(a) *Right-of-use assets*

The carrying amount of right-of-use assets and movements are as follows:

The Group	Retail and office premises SGD'000	Furniture and equipment SGD'000	Motor vehicles SGD'000	Total SGD'000
Cost				
At 1 July 2019	353,981	1,189	181	355,351
Additions	6,169	1,460	-	7,629
Decrease arising from sublease	(6,097)	-	-	(6,097)
Derecognition of right-of-use	-	-	(18)	(18)
Exchange differences	1,451	-	2	1,453
At 30 June 2020	**355,504**	**2,649**	**165**	**358,318**
Additions	**46,199**	**-**	**-**	**46,199**
Decrease arising from sublease	**(4,843)**	**-**	**-**	**(4,843)**
Derecognition of right-of-use	**(32,905)**	**-**	**-**	**(32,905)**
Lease modifications	**2,298**	**-**	**-**	**2,298**
Exchange differences	**(4,871)**	**-**	**-**	**(4,871)**
At 31 December 2021	**361,382**	**2,649**	**165**	**364,196**
Accumulated depreciation and impairment loss				
At 1 July 2019	1,370	396	33	1,799
Depreciation for the year	56,618	388	30	57,036
Derecognition of right-of-use	-	-	(18)	(18)
Impairment loss	40,840	-	-	40,840
Exchange differences	(261)	-	3	(258)
At 30 June 2020	**98,567**	**784**	**48**	**99,399**
Depreciation for the period	**66,803**	**388**	**30**	**67,221**
Derecognition of right-of-use	**(7,401)**	**-**	**-**	**(7,401)**
Lease modifications	**297**	**-**	**-**	**297**
Impairment loss	**35,148**	**-**	**-**	**35,148**
Exchange differences	**(2,367)**	**-**	**1**	**(2,366)**
At 31 December 2021	**191,047**	**1,172**	**79**	**192,298**
Net book value				
At 31 December 2021	**170,335**	**1,477**	**86**	**171,898**
At 30 June 2020	256,937	1,865	117	258,919

The additions to right-of-use assets under finance lease arrangement include cash payments of Nil (Year end 30 June 2020 - SGD862,000).

21 Leases (Cont'd)

The Group as lessee (Cont'd)

(b) *Lease liabilities*

Lease liability have been recognised for the remaining lease payments for the rental of retail and office premises, furniture and equipment and motor vehicles.

The movement of the lease liabilities are as follows:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
At beginning of period/year	**346,958**	376,303
Additions	**43,833**	6,767
Accretion of interest	**32,830**	28,841
Rent concession (Note 25)	**(18,872)**	(8,588)
Payments	**(77,874)**	(57,995)
Lease modifications	**3,047**	-
Lease derecognition	**(55,752)**	-
Write back of liabilities relating to a subsidiary in liquidation*	**(39,543)**	-
Deconsolidation of a subsidiary in liquidation*	**(13,175)**	-
Exchange differences	**(5,896)**	1,630
At end of period/year	**215,556**	346,958
Current	**41,893**	60,530
Non-current	**173,663**	286,428
	215,556	346,958

The maturity analysis of lease liabilities is disclosed in Note 33.1 to the financial statements.

* As disclosed in Note 6(c) to the financial statements, the liabilities of PT Tozy which is under liquidation since 17 May 2021 have been derecognised arising from the Company's loss of control of PT Tozy. The proof of debt did not include the liabilities of SGD39,543,000 submitted before the Receivers of PT Tozy.

The weighted average incremental borrowing rate applied to measure the lease liabilities is 7.4% (30 June 2020 - 7.4%).

21 Leases (Cont'd)

The Group as lessee (Cont'd)

(c) *Amounts recognised in consolidated profit or loss (Note 25)*

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Depreciation of right-of-use assets	**67,221**	57,036
Interest expense on lease liabilities (Note 23(a))	**29,482**	25,721
Variable lease payments	**322**	1,492
Lease expense not capitalised in lease liabilities	**7,888**	13,671

(d) *Total cash outflows*

The Group had total cash outflows for leases of SGD86,084,000 (Year ended 30 June 2020 - SGD73,158,000) during the financial period ended 31 December 2021.

(e) *Variable lease payments*

The leases for department stores contain variable lease payments that are based on a percentage of sales generated by the outlets ranging from 5% to 15% on top of fixed payments. These variable lease payments are recognised in consolidated profit or loss as and when incurred and amounted to SGD322,000 (Year ended 30 June 2020 - SGD1,492,000) during the financial period ended 31 December 2021.

(f) *Extension options*

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

The undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease term are as follows:

The Group	Within five years SGD'000	More than 5 years SGD'000	Total SGD'000
As at 31 December 2021			
Extension options expected not to be exercised	**33,006**	**70,937**	**103,943**
As at 30 June 2020			
Extension options expected not to be exercised	36,450	160,283	196,733

21 Leases (Cont'd)

The Group as intermediate lessor of sublease

The Group acts as an intermediate lessor under arrangements whereby it subleases out certain parts of its leased retail premises. Income from subleasing right-of-use assets represents the excess of lease receivables from sublease classified as finance lease over lease liabilities under the head lease.

For the sublet of certain retail premises, the sublease periods do not form a major part of the remaining head lease terms and accordingly, their subleases are classified as operating lease. For the sublet of other retail premises, the subleases are classified as finance lease because these subleases are for substantial portion of the remaining head lease terms.

(a) *Sublease - classified as operating lease*

Income from subleasing certain retail premises of SGD5,713,000 (Year ended 30 June 2020 - SGD8,212,000) for the financial period ended 31 December 2021 is included within revenue (Note 22) in the consolidated profit or loss.

Undiscounted lease payments from the sublease of the certain retail premises to be received after the reporting date are disclosed in Note 30(b) to the financial statements.

(b) *Sublease - classified as finance lease*

The Group's subleases of its certain right-of-use of the retail premises is accounted for by derecognising the right-of-use assets relating to the head leases and recognising the net investments in the sublease (Note 9).

(c) *Amounts recognised in consolidated profit or loss*

Finance income on the net investments in sublease of SGD4,317,000 (Year ended 30 June 2020 - SGD1,849,000) for the financial period ended 31 December 2021 is recognised in consolidated profit or loss (Note 23(a)).

22 Revenue

	Continuing operations		Discontinued operation	
	Period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020	**Period from 1 July 2020 to 31 December 2021**	Year ended 30 June 2020
The Group	**SGD'000**	SGD'000	**SGD'000**	SGD'000
Sale of goods - direct sales	**116,323**	142,113	**492**	1,098
Commissions from concessionaire sales	**117,848**	108,760	**5,484**	6,442
Consultancy and management service fees	**356**	389	**-**	-
Revenue from food and beverage operations	**2,195**	2,316	**-**	-
Revenue from contracts with customers	**236,722**	253,578	**5,976**	7,540
Rental income	**3,399**	6,498	**2,314**	1,714
Total revenue	**240,121**	260,076	**8,290**	9,254

22 Revenue (Cont'd)

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product or service lines. A disaggregation of the Group's revenue for the financial reporting period/year is as follows:

	Primary geographical markets							
	Malaysia		Vietnam		Indonesia		Total	
	Period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020	**Period from 1 July 2020 to 31 December 2021**	Year ended 30 June 2020	**Period from 1 July 2020 to 31 December 2021**	Year ended 30 June 2020	**Period from 1 July 2020 to 31 December 2021**	Year ended 30 June 2020
Revenue	**SGD'000**	SGD'000	**SGD'000**	SGD'000	**SGD'000**	SGD'000	**SGD'000**	SGD'000
Continuing operations								
Sale of goods – direct sales	**112,590**	130,147	**32**	276	**3,701**	11,690	**116,323**	142,113
Commissions from concessionaire sales	**113,168**	89,718	**741**	338	**3,939**	18,704	**117,848**	108,760
Food and beverage	**2,195**	2,316	**-**	-	**-**	-	**2,195**	2,316
Others	**356**	389	**-**	-	**-**	-	**356**	389
Revenue from contracts with customers	**228,309**	222,570	**773**	614	**7,640**	30,394	**236,722**	253,578
Rental income	**2,199**	3,947	**1,050**	1,363	**150**	1,188	**3,399**	6,498
Total revenue from continuing operations	**230,508**	226,517	**1,823**	1,977	**7,790**	31,582	**240,121**	260,076
Discontinued operation								
Sale of goods – direct sales	**-**	-	**492**	1,098	**-**	-	**492**	1,098
Commissions from concessionaire sales	**-**	-	**5,484**	6,442	**-**	-	**5,484**	6,442
Food and beverage	**-**	-	**-**	-	**-**	-	**-**	-
Others	**-**	-	**-**	-	**-**	-	**-**	-
Revenue from contracts with customers	**-**	-	**5,976**	7,540	**-**	-	**5,976**	7,540
Rental income	**-**	-	**2,314**	1,714	**-**	-	**2,314**	1,714
Total revenue from discontinued operations	**-**	-	**8,290**	9,254	**-**	-	**8,290**	9,254
	230,508	226,517	**10,113**	11,231	**7,790**	31,582	**248,411**	269,330
Timing of transfer of goods or services								
Total revenue from contracts with customers - at point in time	**228,309**	222,570	**6,749**	8,154	**7,640**	30,394	**242,698**	261,118

23(a) Finance income/costs

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Finance income		
Interest income on net investments in sublease	**4,317**	1,849
Interest income on short-term deposits	**425**	409
Discount adjustment on rental deposit receivables	**1,481**	1,394
	6,223	3,652
Finance costs		
Interest expense on lease liabilities	**29,482**	25,721
Interest expense on loans and borrowings	**711**	552
Discount adjustment on:		
- Rental deposit payables	**4**	28
- Provision for restoration costs (Note 19)	**200**	529
	30,397	26,830

23(b) Other income

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Cash discount from suppliers	**670**	799
Promotion income	**261**	112
Income recognised from gift vouchers expired	**761**	802
Gain on disposal of property, plant and equipment	**144**	-
Dividend income from investment securities	**27**	-
Exchange gain, net	**127**	137
Recoverable expense from sub-tenant	**260**	200
Portal usage/B2B income	**486**	288
Income from subleasing right-of-use assets (Note 21)	**12,179**	10,526
Gain on deconsolidation of a subsidiary	**13,666**	-
Write down of liabilities relating to a subsidiary in liquidation	**53,893**	-
Other sundry income	**4,394**	3,558
	86,868	16,422

24 Employee benefits expense

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Wages, salaries and bonuses	**43,391**	41,186
Contribution to defined contribution plans	**4,890**	4,070
Net benefit expense from defined benefit plan (Note 17(e))	**592**	191
Other staff related expenses	**7,174**	7,041
	56,047	52,488

Included in employee benefits expense of the Group are remuneration of directors, chief executive officer and key management personnel as further disclosed in Note 29(c) to the financial statements.

25 Profit/(loss) from continuing operations before tax

The Group	Note	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Profit/(loss) from continuing operations before tax has been arrived at after charging/(crediting):			
Audit fees:			
- Auditors of the Company		**180**	192
- Other auditors		**189**	297
Non-audit fees:			
- Auditors of the Company		**3**	7
- Other auditors		**-**	8
Total audit and non-audit fees		**372**	504
Depreciation and amortisation expense			
- property, plant and equipment	4	**22,861**	20,388
- intangible assets	11	**103**	179
- right-of-use assets	21(c)	**63,431**	53,371
		86,395	73,938
Operating lease expenses:			
- Minimum lease payments	21(c)	**6,753**	12,214
- Variable lease payments	21(c)	**322**	1,492
- Land tax expense		**2,206**	1,401
Less: Rent concession	21(b)	**(18,872)**	(8,054)
		(9,591)	7,053

25 Profit/(loss) from continuing operations before tax (Cont'd)

The Group	Note	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Allowance for expected credit loss on trade and other receivables, net	9	**41**	1,016
Directors' fees	29(c)	**266**	255
Property, plant and equipment written off	4	**2,692**	3,216
(Gain)/loss on disposal of property, plant and equipment	4	**(144)**	105
Impairment of (included in other expenses):			
- property, plant and equipment	4	**9,516**	9,430
- intangible assets	11	**182**	255
- right-of-use assets	21	**35,148**	36,722
Reversal of impairment of property, plant and equipment for closed stores (included in other expenses)	4	**(3,517)**	(263)
Allowance for inventory shrinkage	13	**389**	366
Allowance for inventory obsolescence	13	**283**	671
Provision for onerous contract, net	19	**-**	(2,002)
Utilities		**9,926**	9,245
Loss from discontinued operation before taxation has been arrived at after charging/(crediting):			
Audit fees:			
- Other auditors		**17**	18
Depreciation and amortisation expense			
- property, plant and equipment	4	**104**	714
- land use right	5	**-**	131
- right-of-use assets	21(c)	**3,790**	3,665
		3,894	4,510
Operating lease expenses:			
- Minimum lease payments	21(c)	**1,135**	1,457
Less: Rent concession		**-**	(534)
		1,135	923
Loss on disposal of assets held for sale	4(e)	**191**	-
Allowance for expected credit loss on trade and other receivables, net	9	**149**	2
Gain on disposal of property, plant and equipment	4	**(633)**	-
Impairment of:			
- property, plant and equipment	4	**-**	1,786
- land use right	5	**-**	1,425
- right-of-use assets	21	**-**	4,118
Utilities		**1,352**	1,321

26 Taxation

(a) Major components of income tax expense

The major components of income tax expense are as follows:

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Current income tax		
- Current year	**2,878**	1,985
- Over provision in respect of previous years	**(992)**	(476)
	1,886	1,509
Deferred income tax (Note 8)		
- Origination and reversal of temporary differences	**(1,269)**	(1,564)
- (Over)/under provision in respect of previous years	**(408)**	1,517
- Reversal of deferred tax in respect of previous years tax losses and other temporary differences	**(434)**	-
	(2,111)	(47)
withholding tax	**-**	20
Income tax (credit)/expense recognised in profit or loss	**(225)**	1,482

26 Taxation (Cont'd)

(b) Relationship between income tax expense and loss before tax

Reconciliation between income tax expense and the product of loss before tax multiplied by the applicable corporate tax rates for the period from 1 July 2020 to 31 December 2021 and financial year ended 30 June 2020 is as follows:

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Profit/(loss) before taxation		
- Continuing operations	**4,473**	(73,216)
- Discontinued operation	**9,046**	(10,297)
	13,519	83,513
Tax at the domestic tax rates applicable to loss in the countries where the Group operates	**1,858**	(18,288)
Tax effect on non-deductible expenses[1]	**7,310**	10,141
Income not subject to taxation[2]	**(12,129)**	(2,688)
Deferred tax assets not recognised	**4,136**	11,256
(Over)/under provision in respect of previous years:		
- current taxation	**(992)**	(476)
- deferred taxation	**(408)**	1,517
- withholding tax	**-**	20
Income tax (credit)/expense recognised in profit or loss	**(225)**	1,482

(1) Expenses not deductible for tax purposes relate mainly to depreciation and amortisation of non-qualifying assets and other disallowed expenses incurred in the ordinary course of business.

(2) Income not subject to tax relate mainly to non-taxable income occurred in the ordinary course of business.

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. A summary of domestic tax rates by country where the Group mainly operates is as follows:

The Group	**31 December 2021 %**	30 June 2020 %
Malaysia	**24**	24
Vietnam	**20**	20
Indonesia	**22**	25
Singapore	**17**	17

27 Discontinued operation

As at 31 December 2021, Parkson Haiphong Co Ltd ("Parkson Haiphong") (a wholly-owned subsidiary of PCSB) is classified as a discontinued operation. The business operations of Parkson Haiphong is significant to the operations in Vietnam and represents a separate major line of geographical area of operations (i.e. Haiphong). With the cessation of retail business and the disposal of the plot of land use right and building (see Note 4), Parkson Haiphong is regarded as inactive as at 31 December 2021. Consequently, Parkson Haiphong ceased to own and operate any business, with its only asset which is substantially cash.

(a) The results of the discontinued operation are as follows:

	Period from 1 July 2020 to 31 December 2021 SGD'000	Year ended 30 June 2020 SGD'000
Revenue	**8,290**	9,254
Other items of income		
Finance income	**5**	582
Other income	**13,631**	366
Items of expense		
Changes in merchandise inventories and consumables	**(348)**	(917)
Employee benefits expense	**(938)**	(1,060)
Depreciation and amortisation expenses	**(3,894)**	(4,510)
Promotional and advertising expenses	**(142)**	(284)
Operating lease expenses	**(1,135)**	(923)
Finance costs	**(3,415)**	(3,213)
Other expenses	**(3,008)**	(9,592)
Profit/(loss) before taxation from discontinued operation before tax	**9,046**	(10,297)
Income tax	**-**	-
Profit/(loss) from discontinued operation, net of tax	**9,046**	(10,297)

Included in the other expenses of SGD3,008,000 (Year ended 30 June 2020 - SGD9,592,000) is a loss on disposal of asset held for sale of SGD191,000 (Year ended 30 June 2020 - Nil) for the period ended 31 December 2021.

27 Discontinued operation (Cont'd)

(b) The (expense)/income recognised in other comprehensive income is as follows:

	Period from 1 July 2020 to 31 December 2021 SGD'000	Year ended 30 June 2020 SGD'000
Exchange differences on translating foreign operations	**-**	560

(c) Earnings/(loss) per share from discontinued operation is disclosed in Note 28 to the financial statements.

(d) The impact of the discontinued operation on the cash flows of the Group are as follows:

	Period from 1 July 2020 to 31 December 2021 SGD'000	Year ended 30 June 2020 SGD'000
Cash inflow/(outflow) from:		
- Operating activities	**(14,329)**	3,912
- Investing activities	**12,751**	(23)
- Financing activities	**3,841**	(4,723)
Net increase/(decrease) in cash and short-term deposits	**2,263**	(834)

28 Earnings/(loss) per share

Basic earnings/(loss) per share from continuing/discontinued operations are calculated by dividing the net profit from continuing/discontinued operations, net of tax, attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the financial period/year.

The following table reflects the data used in the computation of basic earnings/(loss) per share from continuing/discontinued operations for the financial period from 1 July 2020 to 31 December 2021 and financial year ended 30 June 2020:

	2021	2020
The Group		
Profit/(loss) for the period/year attributable to owners of the Company (SGD'000)	**13,730**	(84,928)
Add back:		
(Profit)/loss from discontinued operation, net of tax, attributable to owners of the Company (SGD'000)	**(9,046)**	10,297
Profit/(loss) from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings per share from continuing operations (SGD'000)	**4,684**	(74,631)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	**673,800**	673,800
Basic earnings/(loss) per share (cents) attributable to equity owners of the Company		
- From continuing operations	**0.70**	(11.07)
- From discontinued operation	**1.34**	(1.53)
- From continuing and discontinued operations	**2.04**	(12.60)

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial period from 1 July 2020 to 31 December 2021 and the financial year ended 30 June 2020 are the same.

29 Significant related party transactions

(a) Sales and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial period/year:

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Sale of gift vouchers to immediate holding company	**5**	-
Sale of gift vouchers to director related companies:		
- Lion Group Management Services Sdn Bhd	**7**	32
- Posim Petroleum Marketing Sdn Bhd	**86**	63
- Lion Corporation Berhad	**-**	2
- Lion Forest Industries Berhad	**-**	2
- Lion Industries Corporation Berhad	**-**	7
	93	106
Sale of gift vouchers to subsidiaries of the ultimate holding company:		
- Pancar Tulin Sdn Bhd	**-**	5
- ACB Resources Berhad	**-**	2
	-	7
Sale of gift vouchers to ultimate holding company:		
- Parkson Holdings Berhad	**-**	3
Sale of goods and services to director related company:		
- Lion Group Management Services Sdn Bhd	**6**	8
Sale of goods and services to subsidiaries of the ultimate holding company:		
- Prestasi Serimas Sdn Bhd	**22**	71
- Ombrello Resources Sdn Bhd	**-**	8
- Parkson Branding Sdn Bhd	**237**	-
	259	79

29 Significant related party transactions (Cont'd)

(a) Sales and purchase of goods and services (Cont'd)

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Purchase/(return) of goods and services from director related companies:		
- Secom (Malaysia) Sdn Bhd	**350**	272
- Posim Marketing Sdn Bhd	**484**	306
- WatchMart (M) Sdn Bhd	**-**	27
- Lion Trading & Marketing Sdn Bhd	**4**	6
- Brands Pro Management Sdn Bhd	**80**	92
- Brands Pro Management Sdn Bhd	**-**	(1)
	918	702
Purchase/(return) of goods and services from subsidiaries of the ultimate holding company:		
- Parkson Branding Sdn Bhd	**1,677**	2,595
- Watatime (M) Sdn Bhd	**-**	14
- Valino International Apparel Sdn Bhd	**123**	461
- Daphne Malaysia Sdn Bhd	**-**	452
- Prestasi Serimas Sdn Bhd	**12**	22
- Prestasi Serimas Sdn Bhd	**-**	(15)
- Parkson Branding Sdn Bhd	**-**	(20)
- Daphne Malaysia Sdn Bhd	**-**	(6)
	1,812	3,503
Received/receivable from director related company for bonus points redemption by cardholders:		
- Bonuskad Loyalty Sdn Bhd	**2,451**	2,750

29 Significant related party transactions (Cont'd)

(a) Sales and purchase of goods and services (Cont'd)

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Marketing fee expense to director related company for bonus points issued:		
- Bonuskad Loyalty Sdn Bhd	**2,074**	2,142
Rental of office space from director related company:		
- Visionwell Sdn Bhd	**505**	307
Rental of retail space to director related company:		
- Brands Pro Management Sdn Bhd	**11**	7
Rental of retail space from subsidiary of the ultimate holding company:		
- Festival City Sdn Bhd	**350**	389
Rental of retail space to subsidiaries of the ultimate holding company:		
- Prestasi Serimas Sdn Bhd	**59**	39
- Parkson Branding Sdn Bhd	**14**	7
	73	46
Royalty expense to subsidiaries of the ultimate holding company:		
- Smart Spectrum Limited	**-**	158
- Parkson Services Pte Ltd	**191**	-
Service charge income from subsidiary of the ultimate holding company:		
- Parkson Credit Sdn Bhd	**3**	4
Management fee income from subsidiary of the ultimate holding company:		
- Festival City Sdn Bhd	**-**	10
Cleaning service charged to director related company:		
- Brands Pro Management Sdn Bhd	**13**	9
Sale of property, plant and equipment to subsidiary of the ultimate holding company:		
- Parkson Branding Sdn Bhd	**-**	1
Purchase of property, plant and equipment from director related company:		
- Lion Steelworks Sdn Bhd	**4**	-

29 Significant related party transactions (Cont'd)

(b) Loan from ultimate holding company

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Interest expense charged by the ultimate holding company:		
- Parkson Holdings Berhad	**413**	344

(c) Compensation of key management personnel

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Directors' fees	**266**	255
Short-term employee benefits	**1,193**	789
Contribution to defined contribution plans	**50**	33
	1,509	1,077
Comprise:		
Directors of the Company	**266**	255
Other key management personnel	**1,243**	822
	1,509	1,077

No employee share options were granted to key management personnel.

30 Commitments

(a) Capital commitments

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Capital commitments in respect of property, plant and equipment	**2,208**	2,859

(b) Operating lease commitments – as intermediate lessor

The Group has entered into commercial subleases on its department stores classified as operating leases. These non-cancellable subleases have remaining lease terms of not more than 3 years (30 June 2020 - between 1 and 13 years) with terms of renewal included in the contracts.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Not later than one year	**224**	2,059
Later than one year and not later than five years	**97**	5,100
Later than five years	**-**	1,946
	321	9,105

31 Contingent liabilities

The Group

The Group has provided a financial guarantee to a financial institution for credit facilities totalling SGD3,074,000 (30 June 2020 - SGD12,116,000) granted to a subsidiary for which the Group is exposed to liability which is capped at SGD1,427,000 (30 June 2020 - SGD2,381,000). As at the reporting date, the banking facilities utilised stood at SGD1,427,000 (30 June 2020 - SGD2,381,000).

The Company

As at 30 June 2020, the Company has provided a financial guarantee to a financial institution for credit facilities totalling SGD977,000 granted to a subsidiary for which the Group is exposed to liability which is capped at SGD977,000. There are no corporate guarantees provided by the Company as at 31 December 2021.

As at the reporting date, the fair value of the financial guarantee determined based on the expected loss arising from the risk of default is negligible as the likelihood of the financial guarantee contract to be materialised is unlikely.

32 Segment information

The Group has two operating segments - the operation and management of (i) retail stores and (ii) food and beverage. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has five reportable segments as follows:

(a) Malaysia

(b) Vietnam

(c) Indonesia

(d) Myanmar

(e) Cambodia

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Certain expenses are managed on a group basis and are not allocated to operating segments.

32 Segment information (Cont'd)

2021		Continuing operations								Discontinued operation	
				Retail stores			Food and beverage operations	Adjustments and		Retail stores Parkson Haiphong	
The Group	Note	Malaysia SGD'000	Vietnam SGD'000	Indonesia SGD'000	Myanmar SGD'000	Cambodia SGD'000	Malaysia SGD'000	eliminations SGD'000	Total SGD'000	Vietnam SGD'000	Total SGD'000
Revenue:											
Sales to external customers		**228,254**	**1,823**	**7,790**	-	-	**2,254**	-	**240,121**	**8,290**	**8,290**
Segment results:											
Depreciation and amortisation expenses:											
- Property, plant and equipment		**(20,643)**	**(267)**	**(1,826)**	-	-	**(125)**	-	**(22,861)**	**(104)**	**(104)**
- Right-of-use-assets		**(59,326)**	**(273)**	**(3,594)**	-	-	**(238)**	-	**(63,431)**	**(3,790)**	**(3,790)**
- Intangible assets		-	**(24)**	**(79)**	-	-	-	-	**(103)**	-	-
Impairment reversal/(loss) on:											
- Property, plant and equipment		**360**	**(1,779)**	**(4,595)**	-	-	**15**	-	**(5,999)**	-	-
- Right-of-use-assets		**1,421**	**(1,445)**	**(35,124)**	-	-	-	-	**(35,148)**	-	-
- Intangible assets		-	-	**(182)**	-	-	-	-	**(182)**	-	-
- Trade and other receivables		**(103)**	**51**	**11**	-	-	-	-	**(41)**	**(149)**	**(149)**
Gain on deconsolidation of a subsidiary in liquidation		-	-	**13,666**	-	-	-	-	**13,666**	-	-
Write back of liabilities relating to a subsidiary in liquidation		-	-	**53,893**	-	-	-	-	**53,893**	-	-
Loss on disposal of assets held for sale		-	-	-	-	-	-	-	-	**(191)**	**(191)**
Lease derecognition		**10,937**	**5,262**	**7,003**	-	-	-	-	**23,202**	**32,550**	**32,550**
Operating lease expenses		**14,540**	**(2,024)**	**(2,924)**	-	-	**(1)**	-	**9,591**	**(1,135)**	**(1,135)**
Income from subleasing right-of-use assets		-	**12,179**	-	-	-	-	-	**12,179**	-	-
Finance income		**809**	**4,350**	**1,064**	-	-	-	-	**6,223**	**5**	**5**
Finance costs		**(22,476)**	**(3,785)**	**(3,599)**	-	-	**(133)**	**(404)**	**(30,397)**	**(3,415)**	**(3,415)**
Income tax		**(209)**	-	-	-	-	-	**434**	**225**	-	-
Segment (loss)/profit	(a)	**(5,827)**	**4,636**	**314**	**(169)**	**(293)**	**(1,166)**	**7,203**	**4,698**	**9,046**	**9,046**
Other segment information											
Additions to non-current assets		**55,422**	**424**	**2**	-	-	**1**	-	**55,849**	-	-
Segment assets		**294,791**	**39,192**	-	**812**	**1,140**	**942**	**59**	**336,936**	**4,024**	**4,024**
Segment liabilities		**327,399**	**40,286**	-	**451**	**2,252**	**7,475**	**17,881**	**395,744**	**3,106**	**3,106**

32 Segment information (Cont'd)

2020		<-- Continuing operations							-->	Discontinued operation	
				Retail stores			Food and beverage operations	Adjustments and		Retail stores Parkson Haiphong	
		Malaysia	Vietnam	Indonesia	Myanmar	Cambodia	Malaysia	eliminations	Total	Vietnam	Total
The Group	Note	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Revenue:											
Sales to external customers		224,158	1,977	31,582	-	-	2,359	-	260,076	9,254	9,254
Segment results:											
Depreciation and amortisation expenses:											
- Property, plant and equipment		(16,902)	(327)	(2,961)	-	-	(198)	-	(20,388)	(714)	(714)
- Right-of-use assets		(42,744)	(2,943)	(7,069)	-	-	(615)	-	(53,371)	(3,665)	(3,665)
- Land use right		-	-	-	-	-	-	-	-	(131)	(131)
- Intangible assets		-	(29)	(102)	-	-	(48)	-	(179)	-	-
Impairment reversal/(loss) on:											
- Property, plant and equipment		(2,579)	(3,624)	(2,266)	-	-	(698)	-	(9,167)	(1,786)	(1,786)
- Right-of-use assets		(4,863)	(20,132)	(10,723)	-	-	(1,004)	-	(36,722)	(4,118)	(4,118)
- Land use right		-	-	-	-	-	-	-	-	(1,425)	(1,425)
- Intangible assets		-	-	-	-	-	(255)	-	(255)	-	-
- Trade and other receivables		(982)	(34)	-	-	-	-	-	(1,016)	(2)	(2)
Operating lease expenses		1,357	(1,207)	(7,182)	-	-	(21)	-	(7,053)	(923)	(923)
Income from subleasing right-of-use assets		27	10,499	-	-	-	-	-	10,526	-	-
Finance income		2,007	1,829	320	-	-	5	(509)	3,652	582	582
Finance costs		(17,916)	(3,957)	(5,737)	-	-	(124)	904	(26,830)	(3,213)	(3,213)
Income tax		(1,462)	-	(20)	-	-	-	-	(1,482)	-	-
Segment (loss)/profit	(a)	(19,263)	(23,150)	(25,127)	11	(697)	(3,363)	(3,109)	(74,698)	(10,297)	(10,297)
Other segment information:											
Additions to non-current assets		13,763	7,003	333	-	-	117	-	21,216	-	-
Segment assets		285,038	26,623	71,913	1,118	1,179	1,229	128	387,228	48,475	48,475
Segment liabilities		309,274	51,620	90,820	601	2,316	3,711	11,557	469,899	38,902	38,902

32 Segment information (Cont'd)

(a) Adjustment and eliminations

Adjustments and eliminations include the operations of theme park, education centre businesses in Malaysia and investment holding.

The following items are added to/(deducted from) the segment (loss)/profit to arrive at "profit/(loss) for the period/year" presented in the consolidated income statement:

The Group	**Period from 1 July 2020 to 31 December 2021 SGD'000**	Year ended 30 June 2020 SGD'000
Corporate expenses	**(5,110)**	(3,897)
Gain on deconsolidation of a subsidiary in liquidation	**13,666**	-
Net (loss)/profit from company previously in theme park and education centre operations	**(1,353)**	788
	7,203	(3,109)

Non-current assets information based on the geographical locations of customers and assets are as follows:

The Group	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Malaysia	**198,483**	232,811
Vietnam	**33**	29,474
Indonesia	**-**	62,082
	198,516	324,367

Non-current assets information presented above consist of property, plant and equipment, land use right, right-of-use assets and intangible assets as presented in the statements of financial position.

32 Segment information (Cont'd)

(b) Reconciliation of reportable segment assets and liabilities

	31 December 2021 SGD'000	30 June 2020 SGD'000
Assets		
Total reportable segment assets	**340,960**	435,703
Deferred tax assets	**4,821**	3,176
Sales tax receivable	**2,594**	2,739
Tax recoverable	**1,333**	1,829
Consolidated total assets	**349,708**	443,447
Liabilities		
Total reportable segment liabilities	**398,850**	508,801
Deferred tax liabilities	**-**	437
Sales tax payable	**115**	169
Consolidated total liabilities	**398,965**	509,407

33 Financial risk management

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk, interest rate risk and foreign currency risk. The management reviews and agrees policies and procedures for the management of these risks. The Audit Committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current financial period and previous financial years, the Group's policy that no trading in derivative for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks throughout the period/years under review.

33 Financial risk management (Cont'd)

33.1 Liquidity risk

Liquidity is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and to maintain sufficient levels of cash including short term deposits to meet its working capital requirements. The Group has made arrangement with ultimate holding company to grant a loan facility of RM50,000,000 to meet its liabilities as when fall due.

Unutilised credit facilities are disclosed in Note 20 to the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:

The Group	Less than 1 year SGD'000	Between 1 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At 31 December 2021				
Financial assets				
Trade and other receivables	**15,047**	**26,467**	**23,473**	**64,987**
Investment securities	**-**	**-**	**278**	**278**
Cash and short-term deposits	**69,061**	**-**	**-**	**69,061**
Total undiscounted financial assets	**84,108**	**26,467**	**23,751**	**134,326**
Financial liabilities				
Trade and other payables	**138,710**	**2,625**	**-**	**141,335**
Other liabilities	**14,644**	**-**	**-**	**14,644**
Lease liabilities	**56,592**	**130,685**	**114,011**	**301,288**
Loans and borrowings	**5,186**	**9,309**	**-**	**14,495**
Total undiscounted financial liabilities	**215,132**	**142,619**	**114,011**	**471,762**
Total net undiscounted financial liabilities	**(131,024)**	**(116,152)**	**(90,260)**	**(337,436)**
Financial guarantee for a subsidiary	**1,427**	**-**	**-**	**1,427**

33 Financial risk management (Cont'd)

33.1 Liquidity risk (Cont'd)

The Group	**Less than 1 year SGD'000**	**Between 1 and 5 years SGD'000**	**Over 5 years SGD'000**	**Total SGD'000**
At 30 June 2020				
Financial assets				
Trade and other receivables	13,065	18,778	27,226	59,069
Investment securities	-	-	183	183
Cash and short-term deposits	10,169	-	-	10,169
Total undiscounted financial assets	23,234	18,778	27,409	69,421
Financial liabilities				
Trade and other payables	97,715	2,676	-	100,391
Other liabilities	25,050	-	-	25,050
Lease liabilities	79,321	231,995	160,620	471,936
Loans and borrowings	6,131	11,891	-	18,022
Total undiscounted financial liabilities	208,217	246,562	160,620	615,399
Total net undiscounted financial liabilities	(184,983)	(227,784)	(133,211)	(545,978)
Financial guarantee for a subsidiary	2,381	-	-	2,381

The Company				
At 31 December 2021				
Financial assets				
Cash and short-term deposits	**59**	**-**	**-**	**59**
Total undiscounted financial assets	**59**	**-**	**-**	**59**
Financial liabilities				
Trade and other payables	**12,441**	**-**	**-**	**12,441**
Other liabilities	**909**	**-**	**-**	**909**
Loans and borrowings	**267**	**8,772**	**-**	**9,039**
Total undiscounted financial liabilities	**13,617**	**8,772**	**-**	**22,389**
Total net undiscounted financial liabilities	**(13,558)**	**(8,772)**	**-**	**(22,330)**

33 Financial risk management (Cont'd)

33.1 Liquidity risk (Cont'd)

The Company	Less than 1 year SGD'000	Between 1 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At 30 June 2020				
Financial assets				
Cash and short-term deposits	115	-	-	115
Total undiscounted financial assets	115	-	-	115
Financial liabilities				
Trade and other payables	6,858	-	-	6,858
Other liabilities	510	-	-	510
Loans and borrowings	269	9,231	-	9,500
Total undiscounted financial liabilities	7,637	9,231	-	16,868
Total net undiscounted financial liabilities	(7,522)	(9,231)	-	(16,753)
Financial guarantee for a subsidiary	977	-	-	977

The amount included above for financial guarantee contract is the maximum amount the Group can be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the reporting date, the management considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee.

33.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group and the Company's exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantee provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the statements of financial position; and

- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

Information regarding the expected credit loss allowance is disclosed in Note 9 to the financial statements.

33 Financial risk management (Cont'd)

33.2 Credit risk (Cont'd)

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group minimises credit risk by dealing with exclusively with high credit rating counterparties. In addition, receivable balances are monitored on an ongoing basis.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments when they fall due and there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

The Group determined that its financial assets are credit-impaired when:

- there is significant difficulty of the issuer or the debtor;

- a breach of contract, such as a default or past due event;

- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables, and cash and short-term deposits placed with financial institutions. Cash and short-term deposits are held with reputable financial institutions. For trade receivables, the Group adopts the policy of dealing only with recognised and creditworthy third parties. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties. The Group has provided specific impairment of SGD190,000 (Year ended 30 June 2020 - SGD1,026,000) and to the extent of general provision on expected credit losses (lifetime), it is regarded as insignificant.

Excessive risk concentration and exposure to credit risk

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties of similar characteristics.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as disclosed in Note 31 to the financial statements.

33 Financial risk management (Cont'd)

33.2 Credit risk (Cont'd)

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in Malaysia and Vietnam. There is no business operations in Indonesia as the subsidiary, PT Tozy has went into liquidation since May 2021.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial guarantee

The Group has issued financial guarantee to a bank for borrowings of a subsidiary in Malaysia. The guarantee is subject to the impairment requirements of SFRS(I) 9. The Group has assessed that the subsidiary has the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from this guarantee.

The maximum exposure of the Group in respect of its intra-group financial guarantee (Note 31) at the reporting date as if the facilities are drawn down up to the amount of SGD3,074,000 (30 June 2020 - SGD12,116,000).

33.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group's operations are primarily conducted in Malaysia and Vietnam in Malaysian Ringgit and Vietnamese Dong respectively. There is no business operation in Indonesia as the subsidiary, PT Tozy went into liquidation since May 2021.

The Group's entities hold cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/ landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD").

33 Financial risk management (Cont'd)

33.3 Currency risk (Cont'd)

The Company's and the Group's currency exposures to the USD at the reporting date were as follows:

	The Group		The Company	
	31 December 2021 SGD'000	30 June 2020 SGD'000	**31 December 2021 SGD'000**	30 June 2020 SGD'000
Financial assets				
Trade receivables	**2,205**	3,211	**-**	-
Cash and cash equivalents	**772**	1,045	**-**	-
	2,977	4,256	**-**	-
Financial liabilities				
Trade payables	**-**	(67)	**-**	-
Currency exposures	**2,977**	4,189	**-**	-

Sensitivity analysis for foreign currency risk

A reasonably possible change in the USD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant would not result in a significant change to the Group's and the Company's profit/loss net of tax and equity.

33.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from loans and borrowings and cash and deposits placed with financial institutions.

The interest rates of cash and short-term deposits placed with financial institutions, interest-bearing loans and borrowings are disclosed in Notes 14 and 20 to the financial statements respectively.

33 Financial risk management (Cont'd)

33.4 Interest rate risk (Cont'd)

The following table sets out the carrying amount, by maturity, of the Group's and the Company's financial instruments that are exposed to interest rate risk:

The Group	Within 1 year SGD'000	2 - 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
31 December 2021				
Floating rate				
Short-term deposits - less than 3 months	**61,358**	**-**	**-**	**61,358**
Bank borrowings				
- Bank overdraft	**(364)**	**-**	**-**	**(364)**
- Bankers' acceptance	**(1,887)**	**-**	**-**	**(1,887)**
	59,107	**-**	**-**	**59,107**
30 June 2020				
Floating rate				
Short-term deposits - less than 3 months	2,361	-	-	2,361
Bank borrowings				
- Bank overdraft	(2,599)	-	-	(2,599)
- Bankers' acceptance	(1,943)	-	-	(1,943)
	(2,181)	-	-	(2,181)

The Company's financial instruments are not subject to interest rate risks.

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

33 Financial risk management (Cont'd)

33.4 Interest rate risk (Cont'd)

Sensitivity analysis for interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period and on the assumption that the change took place at the beginning of the financial period and is held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

	<---------------------------- Increase/(Decrease)		---------------------------->
	Period from 1 July 2020 to 31 December 2021		Year ended 30 June 2020	
	Profit after taxation	**Equity**	Loss after taxation	Equity
The Group	**SGD'000**	**SGD'000**	SGD'000	SGD'000
Interest rate				
- decreased by 1% per annum	**(449)**	**(449)**	(17)	17
- increased by 1% per annum	**449**	**449**	17	(17)

33.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company and the Group do not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

34 Fair value measurement

(i) Definition of fair value

SFRS(I)s define fair value as 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.

34 Fair value measurement (Cont'd)

(ii) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 : inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Group	Note	Level 1 SGD'000	Level 2 SGD'000	Level 3 SGD'000	Total SGD'000
At 31 December 2021					
Assets					
Financial assets - FVOCI	12	**-**	**-**	**278**	**278**
At 30 June 2020					
Assets					
Financial assets - FVOCI	12	-	-	183	183

The fair value of financial instruments that are not traded in an active market is determined by using valuation technique. The Group uses income approach to determine fair value for the financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

There were no transfers into or out of fair value hierarchy levels for financial period ended 31 December 2021 and for the financial year ended 30 June 2020.

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Fair value measurements at FVOCI

Description	**Valuation techniques**	**Unobservable inputs**	**31 December 2021**	30 June 2020
Unquoted equity securities	Dividend discount approach	Cost of equity	**9.1%**	13.7%
		Dividend yield	**20% - 30%**	20% - 30%

34 Fair value measurement (Cont'd)

(ii) Fair value measurement of financial instruments (Cont'd)

The following table shows the impact on the Level 3 fair value measurement of assets that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		Effect of reasonably possible alternative assumptions	
	Carrying amount	Other comprehensive income	
		Period from 1 July 2020 to 31 December 2021	Year ended 30 June 2020
	SGD'000	**SGD'000**	SGD'000
Recurring fair value measurements			
Financial assets at FVOCI			
Unquoted equity securities	**278**	**183**	44

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the cost of equity used in the fair value measurement by increasing and decreasing the assumption by 5%.

The following table presents the reconciliation for the assets measured at fair value based on significant unobservable inputs (Level 3):

The Group	31 December 2021 SGD'000	30 June 2020 SGD'000
Financial assets at FVOCI		
Unquoted equity securities		
Balance at beginning of period/year	**183**	916
Profit/(loss) for the period/year included in other comprehensive income	**96**	(736)
Exchange difference	**(1)**	3
Balance at end of period/year	**278**	183

34 Fair value measurement (Cont'd)

(iii) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

Current trade and other receivables (Note 9), cash and short-term deposits (Note 14), current trade and other payables (Note 17), other liabilities (Note 18(a)), loans and borrowings (Note 20) and lease liabilities (Note 21) are a reasonable approximation of fair values due to their short term nature.

The carrying amounts of non-current rental deposits receivables (Note 9) and non-current rental deposits payables (Note 17) are a reasonable approximation of fair values. The fair values of these financial assets and liabilities are calculated by discounting future cash flows at incremental market rates.

35 Capital management

The Group's and the Company's objectives when managing capital are:

(a) to safeguard the Group's and the Company's ability to continue as a going concern;
(b) to support the Group's and the Company's stability and growth;
(c) to maintain a strong credit rating and healthy capital ratios to support its business; and
(d) to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. The Group currently does not adopt any formal dividend policy.

The Group is not subject to any externally imposed capital requirements.

No changes were made in the objectives, policies or processes during the financial period ended 31 December 2021 and the financial year ended 30 June 2020.

In so far as to the Group's legal exposures as disclosed in Note 36 to the financial statements, the management has considered and is of the view that the impact will be limited and contained to the Group's capital contribution in the entity in each of the jurisdictions.

36 Status of litigations

Parkson (Cambodia) Co Ltd ("PCCO")

On 15 November 2018, the Group's wholly-owned subsidiary, PCCO commenced arbitration proceedings under Singapore International Arbitration Centre ("SIAC Arbitration") relating to the lease of a planned store in Cambodia (Note 17 - Rental Deposits). The SIAC Arbitration hearing was completed on 26 May 2020. On 14 September 2020, the SIAC Arbitration issued a final award ("SIAC Award") wherein the SIAC Arbitration found, *inter alia*, that the lease agreement was lawfully terminated by PCCO, and ordered the lessor to pay to PCCO approximately SGD10.7 million which includes:

(a) return of security deposit of USD2,463,750 (SGD3.4 million);
(b) return of advance rental of USD2,025,000 (SGD2.8 million);
(c) costs and expenses incurred by PCCO of USD2,692,253 (SGD3.7 million) wasted as a result of the Lessor's breach of the Lease Agreement; and
(d) costs and expenses of the SIAC Arbitration, legal fees and costs incurred in connection with the arbitration proceedings of approximately SGD0.8 million.

Even though the disputes between PCCO and the lessor were before the SIAC Arbitration, on 12 December 2018, the lessor filed a petition ("Case No. 2577") in the Phnom Penh Municipal Court of First Instance ("PPMCFI"). On 27 March 2020, PPMCFI granted a default judgement against PCCO in Case No. 2577 ("Default Judgement"), *inter alia*, as follows:

(a) the lessor shall forfeit the security deposit and all advance rental made by PCCO to the lessor amounting to USD4,488,750 (SGD6.2 million); and
(b) PCCO shall pay damages of USD144,504,960 (SGD200.0 million) to the lessor, being the rental fee for the whole period of the lease.

On 4 May 2020, PCCO filed a petition to PPMCFI to set aside the Default Judgement. PPMCFI has agreed to accept PCCO's petition and to hold pre-trial proceedings and hearing for Case No. 2577. Additionally, on 21 May 2020, PCCO filed a motion to challenge and disqualify PPMCFI's judge ("Motion to Challenge and Disqualify Judge"). The Motion to Challenge and Disqualify Judge was dismissed on 9 June 2020 and on 26 June 2020, PCCO filed an appeal against the decision of the PPMCFI. Pre-trial proceedings for Case No. 2577 will be conducted after the outcome of the appeal against the dismissal of the Motion to Challenge and Disqualify Judge. On 11 November 2020, PCCO's appeal against the Motion to Challenge and Disqualify Judge was dismissed by Cambodian Appellate Court.

The hearing date for Case No. 2577 has yet to be fixed by PPMCFI.

Subsequently on 27 November 2020, PCCO applied for the recognition and enforcement of the SIAC Award to the Cambodian Appellate Court ("PCCO Application on SIAC Award"). The hearing for the PCCO Application on SIAC Award was heard on 10 November 2021 and the decision on the PCCO Application on SIAC Award will be on a date to be fixed by the Cambodian Appellate Court.

The Default Judgment is only applicable against PCCO and does not extend to the Company, the Company's other subsidiaries nor its holding companies. The default judgement, if not set aside, will need to be recorded by the Group although the management is of the view that execution of which will be limited to the Group's capital contribution in PCCO which has previously been fully provided for. The Group had also previously recognised full impairment loss on the security deposit, advance rental as well as property, plant and equipment in respect of the relevant store in Cambodia.

36 Status of litigations (Cont'd)

Parkson Corporation Sdn Bhd ("PCSB")

Millennium Mall Sdn Bhd

On 17 July 2019, the Group's wholly-owned subsidiary, PCSB received a Statutory Notice pursuant to Section 466(1)(a) of the Companies Act 2016 of Malaysia (the "Notice") from Millennium Mall Sdn Bhd ("MMSB"), the lessor of "M Square" Mall claiming for RM1.5 million (SGD0.5 million) in alleged outstanding rent and late payment charges. In response to the Notice, PCSB filed a Fortuna injunction on 29 July 2019, to restrain any filing of a winding up petition. Subsequently, PCSB has also received a legal letter of demand from MMSB alleging wrongful termination of the said lease and claiming an aggregate amount of approximately RM77.9 million (SGD25.6 million) in respect of primarily reinstatement as well as other charges.

On 27 September 2019, the High Court had decided in favour of PCSB and *inter alia*, ordered an injunction restraining MMSB from acting on the Section 466 Notice and restraining MMSB from filing a winding up petition and ordered MMSB to reimburse/pay PCSB an amount of RM10,000 (SGD3,289) for legal costs. On 1 October 2019, MMSB has filed an appeal against the decision of the High Court.

On 24 October 2019, PCSB commenced arbitration proceeding against MMSB ("Arbitration Proceeding") by serving the notice of arbitration dated 24 October 2019 on MMSB. The Arbitration Proceeding primarily relates to MMSB's default in making payment to PCSB of approximately RM2.2 million (SGD0.7 million), which arose from the sub-lease arrangements between PCSB and MMSB.

On 8 November 2019, MMSB through its solicitors submitted its Answers to PCSB's Notice of Arbitration dated 7 November 2019 ("MMSB's Answers") disputing the claim of RM2.2 million (SGD0.7 million) by PCSB. MMSB requested the Arbitral Tribunal to dismiss PCSB's claim in its Notice of Arbitration of 24 October 2019 and for PCSB to pay all of MMSB's arbitration costs on a full indemnity basis. On the same day, MMSB served a Notice of Arbitration dated 7 November 2019 on PCSB ("MMSB's Notice of Arbitration") which claimed against PCSB for, amongst others, the following reliefs:

(a) Declaration by the Arbitral Tribunal that PCSB had breached the sub-lease agreements and/or the settlement agreement/letters in relation to the "M Square" Mall store;
(b) Declaration by the Arbitral Tribunal that the termination notice dated 27 June 2019 issued by MMSB to PCSB is valid and lawful;
(c) Costs of reinstatement of the "M Square" Mall store of RM57,648,870 (SGD19.0 million) to be paid by PCSB to MMSB;
(d) Rent for the unexpired initial lease term under the said sub-lease agreement in respect of the lease period from 3 September 2019 to 14 January 2024 of RM18,337,768 (SGD6.0 million);
(e) Double rent in the sum of RM666,666 (SGD0.2 million) from 3 September 2019 until delivery of vacant possession of the reinstated demised premises to MMSB; and
(f) Interest on the damages and costs of proceeding to be paid by PCSB to MMSB.

On 5 December 2019, PCSB replied to MMSB's Notice of Arbitration disputing all the claims by MMSB in MMSB's Notice of Arbitration.

On 30 November 2020, MMSB filed Notice of Discontinuance in relation to its appeal to the Court of Appeal against the decision of the High Court on 27 September 2019 ordering a Fortuna Injunction.

36 Status of litigations (Cont'd)

Parkson Corporation Sdn Bhd ("PCSB") (Cont'd)

Millennium Mall Sdn Bhd (Cont'd)

On 2 April 2021, PCSB received Writ and Statement of Claim both dated 24 March 2021 ("Suit 2021") filed by MMSB in relation to alleged breach of settlement agreement which MMSB alleged was purported to be entered into by MMSB and PCSB on 21 July 2020, of which MMSB claimed for the following:-

(a) RM57,648,870 (SGD19 million) as cost of restoration;
(b) RM333,333 (SGD0.1 million) being monthly rental from November 2020 until one month after date of judgment;
(c) Interest of 5% per annum on the cost of restoration and the said rental above from the date of judgment until full and final payment;
(d) Legal Cost;
(e) Cost; and
(f) Other reliefs deemed fit by the Court.

On 14 April 2021, PCSB filed a Memorandum of Appearance and on 26 April 2021, PCSB filed an application to strike out the Suit 2021 ("Striking Out Application"). On 6 January 2022 during the hearing of the Striking Out Application, the Court allowed PCSB's Striking Out Application with costs of RM10,000 (SGD3,000) being awarded to PCSB.

On 17 January 2022, MMSB appealed to the Court of Appeal against the decision of the Court on 6 January 2022 allowing PCSB's Striking Out Application ("Appeal to Striking Out Application"). The hearing date for the Appeal to Striking Out Application has been fixed on 26 August 2022.

PCSB has been advised on the merits of MMSB's claims and takes the position that at least the claims amount (in particular, the reinstatement charges) is grossly inflated.

PKNS Andaman Development Sdn Bhd

On 23 December 2019, PCSB was served with a Writ and Statement of Claim, both dated 13 December 2019 ("Suit"). The Suit was initiated by PKNS-Andaman Development Sdn Bhd ("PKNS") in relation to premises let to PCSB within a mall known as the "*EVO Shopping Mall*" (the "Demised Premises"). PKNS alleged that PCSB has failed to observe its obligation to pay rent for the Demised Premises pursuant to the Tenancy Agreement dated 2 October 2017 and is claiming for, amongst others, the following reliefs:

(a) RM3,659,172 (SGD1.2 million), being the accrued monthly rent from 2 April 2018 to 2 December 2019, and thereafter at the monthly rate of RM182,958 (SGD60,184) until the return of the Demised Premises to PKNS;
(b) As an alternative to (a) above, RM3,842,131 (SGD1.3 million) being accrued monthly rent from 27 February 2018 to 27 November 2019, and thereafter at the monthly rate of RM182,958 (SGD60,184) until the return of the Demised Premises to PKNS;
(c) RM1,859,600 (SGD0.6 million), being the renovation cost contributed by PKNS towards the Demised Premises;

36 Status of litigations (Cont'd)

Parkson Corporation Sdn Bhd ("PCSB") (Cont'd)

PKNS Andaman Development Sdn Bhd (Cont'd)

(d) Interest upon the judgement debt at the rate of 5% per annum from the date of the Writ and Statement of Claim until the date of judgement;
(e) Interest upon the judgement debt at the rate of 5% per annum from the date of judgment until date of full settlement;
(f) PCSB to duly return the vacant possession of the Demised Premises to PKNS in the original condition and/or PCSB to return vacant possession of the Demised Premises to PKNS within 14 days from the date of judgement; and
(g) Costs of proceedings to be paid by PCSB to PKNS.

On 20 January 2020, PCSB filed its Statement of Defence stating, *inter alia*, that no rent is payable as PKNS has failed to satisfy the conditions precedent as set out in the Tenancy Agreement for rental commencement to be triggered and PKNS's act of issuing commencement notice pursuant to the Tenancy Agreement backdating the commencement date of rent without satisfying the conditions precedent is unlawful.

Further on 22 May 2020, PCSB filed a court application to strike out the Suit on the grounds that the Suit (i) discloses no reasonable cause of action; (ii) is scandalous, frivolous and vexatious; and/or (iii) is an abuse of process of court. The Court has fixed the decision for striking out application on 12 October 2020.

On 29 January 2021, the Court allowed PCSB's application to strike out the Suit and had accordingly struck out the Suit with costs of RM7,000 (SGD2,300) to be paid to PCSB.

On 16 February 2021, PCSB received a notice of appeal from PKNS that PKNS had filed an appeal against the decision given by the Court on 29 January 2021 allowing PCSB's striking out application ("Appeal"). The Court has fixed the hearing date for the Appeal on 28 September 2022.

PCSB has been advised that it has a good defence and has instructed its solicitors to vigorously defend against the suit.

Parkson Unlimited Beauty Sdn Bhd ("PUB")

PUB, the Group's wholly-owned subsidiary, received a notice of demand dated 26 April 2021 from the landlord of PUB's existing leased premises in Berjaya Times Square, Kuala Lumpur, Malaysia ("Landlord"). Pursuant to the notice of demand, the Landlord has claimed from PUB an aggregate amount of approximately RM0.9 million (SGD0.3 million) in alleged unpaid and outstanding rent and other charges as at 23 April 2021.

PUB is in the business of distribution and sales of fragrance and beauty care products. As PUB has been historically loss-making, the Group has been taking steps to wind down its operations progressively.

PUB is currently engaged in ongoing negotiations with the Landlord.

36 Status of litigations (Cont'd)

Parkson Vietnam Co Ltd ("PVC")

PVC, the Group's wholly-owned subsidiary, received a letter dated 25 November 2020 from the Vietnam International Arbitration Centre ("VIAC") which provided, amongst others, that the landlord of PVC's leased premises in Da Nang, Vietnam ("Premises") ("Landlord") had submitted for arbitration in respect of the said lease to the VIAC ("Arbitration Request"). PVC operated a department store on the Premises leased to PVC for a term of 10 years which commenced on 15 February 2015 ("Lease").

The Landlord had submitted the Arbitration Request in respect of a claim of approximately VND26.9 billion (SGD1.6 million) for alleged unpaid and outstanding rental and late payment charges for the period from 15 April 2019 to 14 August 2020 in connection with the Lease ("Claim Amount"). PVC had subsequently received another letter from the Landlord, alleging, amongst others, that PVC is required under the terms of the Lease to pay to the Landlord a total amount of VND66.2 billion (SGD3.8 million) for alleged unpaid and outstanding rental and late payment charges for the period from 15 April 2019 to 14 January 2021 and compensation for early termination of the Lease ("Revised Claim Amount"), and that the Premises were to be returned to the Landlord by 14 January 2021. The increase in the Revised Claim Amount, as compared with the Claim Amount, was principally attributable to the Landlord's demands for early termination compensation and forfeiture of the security deposit currently held by the Landlord.

Subsequently on 26 January 2021, PVC received a letter from the VIAC notifying PVC the additional petition submitted by the Landlord to the VIAC to amend the Arbitration Request in accordance with the Revised Claim Amount, to seek return of the Premises to the Landlord, and to seek compensation for all arbitration fees and other relevant expenses (including legal fees) incurred by the Landlord in connection with the alleged breaches.

On 27 January 2021, PVC filed its statement of defence with the VIAC in response to the Arbitration Request from the Landlord in respect of the Claim Amount, as well as a counterclaim to effectively require the Landlord to allow PVC's sub-tenants to re-locate and handover their respective premises back to PVC.

Subsequently, PVC received a notice from VIAC dated 21 October 2021 to attend to the summon relating to the settlement of the dispute on 23 November 2021 at VIAC, Ho Chi Minh City.

On 19 November 2021, PVC received a letter from the VIAC notifying PVC on the second revised claim amount submitted by the Landlord to the VIAC mainly to include an additional compensation claim amount for the rent (calculated from 15 January 2021 to 23 November 2021) in relation to PVC's alleged failure to return the premises to the Landlord by 14 January 2021, which has brought the total claim amount to VND85.7 billion (SGD5.1 million).

36 Status of litigations (Cont'd)

Parkson Vietnam Co Ltd ("PVC") (Cont'd)

On 15 December 2021, PVC received the VIAC's decision dated 10 December 2021 in relation to the settlement of dispute between both parties that the VIAC had, *inter alia*, decided that PVC shall compensate the Landlord a total of VND68.9 billion (SGD4.1 million) which comprised the following ("Arbitral Award"):-

1. Rent accrued from 15 April 2019 to 31 December 2020 based on base rent of VND29.3 billion;
2. Late payment interest up to 23 November 2021 of VND8.8 billion;
3. Compensation in relation to early termination of the lease agreement between both parties of VND28.8 billion;
4. Arbitration fee of VND1.5 billion; and
5. Legal fee of VND0.5 billion.

In addition to the above, PVC is required to complete the handover of the Premises together with the applicable furniture and fittings to the Landlord within 30 days from the date of the VIAC's decision.

The Arbitral Award is to be settled within 30 days from the date of the VIAC's decision, failure of which additional late payment interest will be imposed on PVC.

Further, PVC was informed by its legal counsel in Vietnam that the VIAC's decision is final and the Arbitral Award may only be adjusted based on further justification by either party, subject to VIAC's approval. Following this, PVC had on 17 December 2021, provided such further justifications to the VIAC.

PVC had on 26 January 2022, received VIAC's response dated 21 January 2022 that VIAC did not accept PVC's further justification made on 17 December 2021 to amend the Arbitral Award. PVC is currently consulting with its legal counsel in Vietnam in relation to the payment of the Arbitral Award.

PT Tozy Sentosa ("PT Tozy")

PT Tozy had on 22 January 2021, received a legal notice dated 21 January 2021 from the lawyers representing certain suppliers and/or consignors ("Claimants") in relation to the claims made by the Claimants pursuant to alleged unpaid and outstanding invoices in connection with various consignment partnership agreements entered into between PT Tozy and the respective Claimants ("Legal Notice"). PT Tozy was 99.98% owned by the Company, and the remaining 0.02% was owned by the Company's direct wholly-owned subsidiary, Centro Retail Pte Ltd. PT Tozy operated all of the Group's department stores in Indonesia.

Based on the Legal Notice, the Claimants have alleged that PT Tozy has received from the Claimants certain consignment merchandises for sale at PT Tozy's department stores for which payment remains outstanding from PT Tozy. The aggregate amount of the claims was approximately IDR15.0 billion (SGD1.4 million) ("Claim Amount").

Subsequently, five (5) out of the Claimants (which in total were 28) ("PKPU Applicants") had on 3 March 2021 filed a "Suspension of Debt Payment Obligation" (Penundaan Kewajiban Pembayaran Utang) ("PKPU") application against PT Tozy ("PKPU Application") with the Commercial Court at Central Jakarta District Court, Jakarta, Indonesia ("Commercial Court"). The total amount claimed by the PKPU Applicants was approximately IDR4,882.9 million (SGD0.46 million).

36 Status of litigations (Cont'd)

PT Tozy Sentosa ("PT Tozy") (Cont'd)

The Board of Directors of the Company announced that certain creditors of PT Tozy filed a "Suspension of Debt Payment Obligation" on 3 March 2021 (i.e. the PKPU Application) against PT Tozy with the Commercial Court for the proposed scheme of payment to all the creditors of PT Tozy.

On 31 March 2021, the PKPU Application was heard and the Commercial Court has granted PT Tozy temporary PKPU status (PKPU Sementara) until 17 May 2021 (inclusive). Anthony L.P. Hutapea, S.H., M.H. and Fitri Safitri, S.H. were collectively appointed as the PKPU Administrators. The PKPU Administrators were then responsible to oversee the debt restructuring arrangements between PT Tozy and all of its creditors (who were requested to submit their debts to the PKPU Administrators) and PT Tozy's proposed composition plan for the settlement of outstanding debts owing to these creditors.

Subsequently, at a creditors' meeting conducted on 10 May 2021, creditors of PT Tozy did not approve PT Tozy's proposed composition plan for the settlement of outstanding debts owing to the creditors of PT Tozy. A further extension of time was also not approved by the creditors of PT Tozy. The Commercial Court had, on 17 May 2021, made an order revoking PT Tozy's temporary PKPU status and commenced bankruptcy proceedings against PT Tozy ("Bankruptcy Proceedings"). Joint receivers (who were the PKPU Administrators for PT Tozy) have been appointed by the Commercial Court, and were responsible in managing PT Tozy's assets and the liquidation of PT Tozy's bankruptcy estate.

37 Impact of COVID-19

The COVID-19 pandemic has affected almost all countries in the world, and resulted in border closures, workplace closures, movement controls and other measures imposed by the various governments. The Group's significant operations are in Malaysia and Vietnam all of which have been affected by the spread of COVID-19 since 2020.

The COVID-19 pandemic has persisted in 2021. The resulting impact of the pandemic on the operations and measures taken by various governments to contain the pandemic have continued to negatively affect the Group's financial results and cash flows for the reporting period. The Group has adopted various measures to mitigate risks and negative impact of the COVID-19 outbreak, focusing its priorities on enhancing product offerings, optimising operational efficiency and productivity at department stores as well as cost control and cashflows management, in particular the timing of payment to suppliers and ongoing negotiations with landlords for rental rebates.

As at the date of these financial statements, the COVID-19 situation remains challenging, as a result of which the Group cannot reasonably ascertain the full extent of the probable impact of the COVID-19 disruptions on its operating and financial performance for the financial year ending 31 December 2022.

38 Comparative figures

The following comparative figures in the financial statements have been restated as a result of the presentation of discontinued operation.

	As reported Year ended 30 June 2020 SGD'000	As restated Year ended 30 June 2020 SGD'000
<u>Consolidated Statement of Profit or Loss</u>		
Continuing operations		
Revenue	269,330	260,076
Other items of income		
Finance income	4,234	3,652
Other income	16,788	16,422
Items of expense		
Changes in merchandise inventories and consumables	(106,985)	(106,068)
Employee benefits expense	(53,548)	(52,488)
Depreciation and amortisation expenses	(78,448)	(73,938)
Promotional and advertising expenses	(4,748)	(4,464)
Operating lease expenses	(7,976)	(7,053)
Finance costs	(30,043)	(26,830)
Other expenses	(92,117)	(82,525)
Loss from continuing operations before tax	(83,513)	(73,216)
Income tax	(1,482)	(1,482)
Loss from continuing operations	(84,995)	(74,698)
Discontinued operation		
Loss from discontinued operation, net of tax	-	(10,297)

38 Comparative figures (Cont'd)

Certain comparative figures have been reclassified to conform with current period's presentation:

	As reported Year ended 30 June 2020 SGD'000	As restated Year ended 30 June 2020 SGD'000
<u>Consolidated Statement of Other Comprehensive Income</u>		
Other comprehensive income/(expense):		
Items that may not be reclassified subsequently to profit or loss:		
- Net fair value loss on equity instruments at fair value through other comprehensive income	-	(736)
Items that may be reclassified subsequently to profit or loss:		
- Net fair value loss on equity instruments at fair value through other comprehensive income	(736)	-

	As reported Year ended 30 June 2020 SGD'000	As restated Year ended 30 June 2020 SGD'000
<u>Consolidated Statement of Cash Flows</u>		
Operating activities		
- Property, plant and equipment written off	2,438	3,216
- Increase/(decrease) in trade and other payables	(58,145)	(63,384)
Financing activities		
- Advances from related companies	-	4,461

Shareholding Statistics

As at 17 March 2022

NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	673,800,000
NUMBER / PERCENTAGE OF TREASURY SHARES	:	3,500,000 / 0.52%
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE (1) VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	2	0.21	13	0.00
100 - 1,000	66	6.84	42,287	0.01
1,001 - 10,000	220	22.80	1,311,967	0.19
10,001 - 1,000,000	648	67.15	84,720,734	12.57
1,000,001 and above	29	3.00	587,724,999	87.23
TOTAL	965	100.00	673,800,000	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
UOB KAY HIAN PTE LTD	476,231,900	70.68
HSBC (SINGAPORE) NOMINEES PTE LTD	33,200,700	4.93
YEO SIONG CHAN	6,608,100	0.98
DBS NOMINEES PTE LTD	6,573,200	0.98
PHILLIP SECURITIES PTE LTD	6,322,600	0.94
UNITED OVERSEAS BANK NOMINEES PTE LTD	5,663,400	0.84
GOH BEE LAN	4,860,000	0.72
THOMAS TAN SOON SENG (THOMAS CHEN SHUNCHENG)	4,745,000	0.70
TAN YONG NEE	4,251,600	0.63
ABN AMRO CLEARING BANK N.V.	3,862,000	0.57
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,257,100	0.48
CITIBANK NOMINEES SINGAPORE PTE LTD	2,535,033	0.38
CHUA CHIEN YEE KENNY	2,500,000	0.37
LEONG MUN SUM @ LEONG HENG WAN	2,458,700	0.36
YEOW GIM SENG	2,300,000	0.34
NEO CHIN POH	2,130,500	0.32
RAFFLES NOMINEES (PTE) LIMITED	2,081,700	0.31
OCBC NOMINEES SINGAPORE PTE LTD	2,058,400	0.31
YANG JUN	2,020,000	0.30
MAYBANK SECURITIES PTE. LTD.	1,833,666	0.27
TOTAL	575,493,599	85.41

Register of Substantial Shareholders

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
East Crest International Limited	457,933,300	67.963	-	-
Parkson Holdings Berhad(1)	-	-	457,933,300	67.963
Lion Industries Corporation Berhad(2)	-	-	457,933,300	67.963
Tan Sri Cheng Heng Jem(3)	500,000	0.074	457,933,300	67.963
Golden Eagle International Retail Group Limited(4)	33,068,700	4.908	913,300	0.135
GEICO Holdings Limited(5)	-	-	33,982,000	5.043
WANG Dorothy S L(6)	-	-	33,982,000	5.043
WANG Janice S Y(6)	-	-	33,982,000	5.043
WANG Vivine H(7)	-	-	33,982,000	5.043
WANG Hung Roger(7)	-	-	33,982,000	5.043

Notes:-

(1) Parkson Holdings Berhad ("PHB") is the sole shareholder of East Crest International Limited ("ECIL"), and is deemed to be interested in the Shares held by ECIL by virtue of Section 7(4) of the Companies Act.

(2) Lion Industries Corporation Berhad ("LICB") holds, directly and indirectly, not less than 20% of the voting shares in PHB, which is the sole shareholder of ECIL. As such, LICB is deemed to be interested in the Shares held by ECIL by virtue of Section 7(A) of the Companies Act.

(3) Tan Sri Cheng Heng Jem holds, directly and indirectly, not less than 20% of the voting shares in PHB, which is the sole shareholder of ECIL. As such, Tan Sri Cheng Heng Jem is deemed to be interested in the Shares held by ECIL by virtue of Section 7(4A) of the Companies Act.

(4) Golden Eagle International Retail Group Limited ("GEIR") by itself and through its indirect non-wholly owned subsidiary holds an aggregate of more than 5% of the shares in the Company.

(5) GEICO Holdings Limited ("GEICO"), is the sole shareholder of GEIR, and is deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.

(6) WANG Dorothy S L and WANG Janice S Y are the beneficiaries of The 2004 RVJD Family Trust, the family trust of Mr WANG Hung Roger, which holds the entire shareholding in GEICO, and they are deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.

(7) WANG Vivine H and WANG Hung Roger are the settlors of The 2004 RVJD Family Trust, the family trust of Mr WANG Hung Roger, which holds the entire shareholding in GEICO, and they are deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.

Percentage of Shareholding in the Hands of Public

As at 17 March 2022, 26.91% of the issued share capital of the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Parkson Retail Asia Limited ("**the Company**") will be convened and held by way of electronic means on Friday, 29 April 2022 at 10.30am for the purposes of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial period from 1 July 2020 to 31 December 2021 together with the Directors' Statement and Auditor's Report.

   (Resolution 1)

2. To re-elect Tan Sri Cheng Heng Jem who is retiring pursuant to Article 91 of the Constitution of the Company.

   (Resolution 2)

3. To re-elect Ms Cheng Hui Yuen, Vivien who is retiring pursuant to Article 91 of the Constitution of the Company.

   (Resolution 3)

4. To re-elect Mr Sam Chong Keen who is retiring pursuant to Article 97 of the Constitution of the Company.

   (Resolution 4)

   Mr Sam Chong Keen is considered as independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). If re-elected, Mr Sam will remain as a member of the Audit Committee and Remuneration Committee.

5. To approve the payment of additional Directors' fees of S$30,000 for the financial year ended 31 December 2021.

   [see explanatory note (i)]

   (Resolution 5)

6. To approve the payment of Directors' fees of up to S$250,000 for the financial year ending 31 December 2022, payable quarterly in arrears (30 June 2021: S$250,000).

   (Resolution 6)

7. To re-appoint Messrs Foo Kon Tan LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 7)

8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to issue shares

"That, pursuant to Section 161 of the Companies Act 1967 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[see explanatory note (ii)]

(Resolution 8)

10. Proposed Renewal of the General Mandate for Interested Person Transactions

"That:-

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies which fall within the definition of "entities at risk" under Chapter 9 of the Listing Manual of the SGX-ST or any of them to enter into any transaction falling within the categories of interested person transactions set out in the Company's circular to Shareholders dated 14 April 2022 (the "**Circular**"), with any party who is of the class or classes of interested persons described in the Circular, provided that such transaction is made on normal commercial terms and is not prejudicial to the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Circular (such shareholders' general mandate hereinafter called the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or until the date on which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier;

(c) the audit committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate."

[see explanatory note (iii)]

(Resolution 9)

11. Proposed Renewal of the Share Purchase Mandate

"That:-

(a) for the purposes of the Companies Act, the authority be and is hereby conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

   (i) on-market purchase(s) on the SGX-ST; and/or

   (ii) off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

   and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

   (i) the date on which the next Annual General Meeting of the Company is held or is required by law to be held; or

   (ii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and

(c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

For the purposes of this Ordinary Resolution 10:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares on the SGX-ST were recorded, before the day on which a market purchase was made by the Company or, as the case may be, the date of the announcement of the offer pursuant to an off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs during the relevant period of five (5) market days and the day of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing ten per cent. (10%) of the total number of Shares excluding treasury shares and subsidiary holdings as at the last Annual General Meeting or as at the date of the passing of this Resolution (whichever is the higher); and

"**<u>Maximum Price</u>**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:-

(a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares."

[see explanatory note (iv)]

(Resolution 10)

On behalf of the Board

Tan Sri Cheng Heng Jem
Executive Chairman

Dated: 14 April 2022

Explanatory Notes:

(i) At the last Annual General Meeting of the Company held on 30 October 2020, shareholders had approved the payment of Directors' fees for the financial year ended 30 June 2021 for an amount up to S$250,000. The Company had on 10 June 2021 changed its financial year end from 30 June to 31 December. With this change, the Company's financial year which began on 1 July 2020 covered an 18-month period and ended on 31 December 2021 ("FY2021") The Directors' fees for FY2021, which comprised an 18-month period, amounted to S$280,000. The Board recommends the payment of additional Directors' fees of S$30,000 for FY2021.

(ii) Ordinary Resolution 8 proposed under Agenda 9 above, if passed, will authorise and empower the Directors of the Company from the date of this Annual General Meeting to the next Annual General Meeting to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting.

(iii) Ordinary Resolution 9 proposed under Agenda 10 above, if passed, will authorise and empower the Directors to enter into the mandated interested person transactions as described in the Circular. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier. Please refer to the Circular for further details.

(iv) Ordinary Resolution 10 proposed under Agenda 11 above, if passed, will authorise and empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) Shares of the Company on the terms of the Share Purchase Mandate as set out in the Circular. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier. The Company currently intends to use internal sources of funds to finance the purchase or acquisition of its Shares. Please refer to the Circular for further details.

Notes:

1. The Annual General Meeting ("AGM") will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication on the SGXNET.

2. The proceedings of the AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed. Members and investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) ("Investors") (including investors holding through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") ("CPF/SRS Investors")) who wish to follow the proceedings through a "live" webcast via their mobile phones, tablets or computers or listen to the proceedings through a "live" audio feed via telephone must pre-register at https://conveneagm.sg/parkson2021 no later than **10.30 a.m.** on **26 April 2022** ("Registration Cut-Off Time"). Following verification, an email containing instructions on how to access the "live" webcast and audio feed of the proceedings of the AGM will be sent to authenticated members and Investors by 28 April 2022. Members and Investors who do not receive any email by 12 noon on 28 April 2022, but have registered by the Registration Cut-Off Time, should contact the Company at support@conveneagm.com.

3. **A member (whether individual or corporate) must appoint the Chairman of the AGM ("Chairman") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.** The instrument for the appointment of proxy ("proxy form") may be accessed on SGXNET. Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

4. The proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS Investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM to submit his/her voting instructions. This is so as to allow sufficient time for the respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman to vote on their behalf by 10.30 a.m. on 27 April 2022.

5. **The proxy form must be submitted to the Company in the following manner:**

   (a) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

   (b) if submitted electronically, be submitted via email to main@zicoholdings.com,

   in either case, **not less than 48 hours before the time appointed for holding the AGM**.

   A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email.

6. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

7. **Members and Investors will not be able to ask questions "live" during the broadcast of the AGM. All members and Investors may submit questions relating to the business of the AGM no later than 10.30 a.m. on 21 April 2022:**

   (a) via the pre-registration website at https://conveneagm.sg/parkson2021;

   (b) by email to the Company at main@zicoholdings.com; or

   (c) by post to the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898.

   Members and Investors are strongly encouraged to submit their questions via the pre-registration website or by email. The Company will endeavour to answer substantial and relevant questions at least 48 hours prior to the closing date and time for the submission of the proxy forms, or at the AGM.

8. All documents (including the Annual Report, Circular, proxy form and this Notice of AGM) or information relating to the business of the AGM have been, or will be, published on SGXNET. **Printed copies of the documents will not be despatched to members.** Members and CPF/SRS Investors are advised to check SGXNET regularly for updates.

Personal data privacy:

By submitting the proxy form appointing the Chairman to attend, speak and vote at the Annual General Meeting and / or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and / or guidelines.

Disclosure of Information on Director(s) Seeking Re-Election

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following are the information relating to the directors seeking re-election at the forthcoming Annual General Meeting as recommended by the Nominating Committee ("**NC**") and the Board, as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	TAN SRI CHENG HENG JEM	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
Date of Appointment	31 March 2011	18 September 2015	30 October 2020
Date of last re-appointment (if applicable)	31 October 2018	31 October 2019	N/A
Age	79	33	69
Country of principal residence	Malaysia	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Tan Sri Cheng has more than 45 years of experience in the business operations of the Lion Group, a Malaysian based diversified business group (which includes our Company) encompassing retail, credit financing and money lending services, steel, mining, property development, tyre manufacturing, motor, agriculture and computer industries. He oversees the operations of the Lion Group and is responsible for the formulation and monitoring of the overall corporate strategic plans and business development of the Lion Group. The Board is of the view that Tan Sri Cheng Heng Jem has the relevant working experiences to continue to contribute positively to the diversity of the Board and the Company and recommended his re-election.	Ms Cheng is the daughter of Tan Sri Cheng Heng Jem, the Executive Chairman who is a substantial shareholder of the Company through his direct and deemed interest in Parkson Holdings Berhad, the ultimate holding company of the Company. Ms Cheng has been mentored and guided by Tan Sri Cheng since she joined the Lion Group in 2012 after her graduation from the university. She has accumulated vast experience in business development, branding and merchandising. The Board is of the view that Ms Cheng's skills set and experience are relevant to contribute to the diversity of the Board and the Company and recommended her re-election.	Mr Sam has a wealth of management experience having held senior/CEO positions in the Singapore Government Administrative Service and various public listed companies. The Board has considered the recommendation of the NC and has reviewed the performance of Mr Sam Chong Keen in FY2021, and concluded that he has the experience, expertise, knowledge and skills to contribute positively to the diversity of the Board and the Company and recommended his re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Chairman. Member of the Nominating Committee.	Executive Director	Independent Director. Member of the Audit Committee and Remuneration Committee.
Professional qualifications	N/A	Bachelor of Engineering in Environmental Engineering from the University of Science and Technology Beijing, the People's Republic of China.	Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford. Diploma from the Institute of Marketing, United Kingdom.

Disclosure of Information on Director(s) Seeking Re-Election

	TAN SRI CHENG HENG JEM	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
Working experience and occupation(s) during the past 10 years	1. 1989 to current – Chairman and Managing Director of Parkson Holdings Berhad. 2. 1991 to current – Chairman of Lion Posim Berhad. 3. 2005 to current – Executive Director and Chairman of Parkson Retail Group Limited.	1. 18 September 2015 – present; Executive Director of Parkson Retail Asia Limited. 2. 2012 (upon graduation from university) – Present: General Manager of the Lion Group in-charge of the Business Development of Parkson Branding Division.	Nil – Retired
Shareholding interest in the listed issuer and its subsidiaries	Direct Interest – 500,000 shares in the Company. Deemed Interest – 457,933,300 shares in the Company.	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes Tan Sri Cheng Heng Jem is the father of Ms Cheng Hui Yuen Vivien, an Executive Director of the Company.	Yes Ms Cheng is the daughter of Tan Sri Cheng Heng Jem, the Executive Chairman of the Company, and a substantial shareholder of the Company.	No
Conflict of Interest (including any competing business)	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years)	<u>Past</u> 1. Lion Diversified Holdings Berhad (In liquidation) 2. Ara Seri Bangun Sdn Bhd 3. Araprop Development Sdn Bhd 4. ACB Resources Berhad 5. Antara Steel Mills Sdn Bhd 6. Ayer Keroh Resort Sdn Bhd 7. Exuniq Sdn Bhd 8. Fusion Energy Sdn Bhd 9. Habitat Blue Sdn Bhd 10. Jernih Aktif Sdn Bhd 11. LBF Enterprise (L) Limited 12. LDH Resources Limited (In liquidation) 13. Lion Blast Furnace Sdn Bhd (In liquidation) 14. Lion Best Sdn Bhd 15. Lion Best Shop Sdn Bhd 16. Lion Corporation Berhad 17. Lion DRI Sdn Bhd 18 Megasteel Sdn Bhd 19. Pandangan Perkasa Sdn Bhd 20. Park Avenue Fashion Sdn Bhd	<u>Past</u> 1. Giftmate Sdn Bhd 2. Park Avenue Fashion Sdn Bhd 3. Parkson Unlimited Beauty Sdn Bhd 4. Parkson Fashion Sdn Bhd 5. Ohla Restaurant Sdn Bhd 6. Providence Club KL Sdn Bhd 7. Alunan Omega Sdn Bhd 8. AUM Asiatic Restaurants Sdn Bhd 9. AUM Hospitality Sdn Bhd 10. Business Spirit Sdn Bhd 11. Collective Entity Sdn Bhd 12. Entity A Concepts Sdn Bhd 13. Entity B Management Sdn Bhd 14. Entity C Sdn Bhd 15. F & B Essentials Sdn Bhd 16. Fantastic Red Sdn Bhd 17. Futurestead Sdn Bhd 18. Genuine Resources Sdn Bhd 19. J Rockets 1 Sdn Bhd 20. Massive Privilege Sdn Bhd	<u>Past</u> Nil

	TAN SRI CHENG HENG JEM	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
	21. Park Land Limited 22. Parkland Hai Phong Limited 23. Parkland Hanoi Limited 24. Parkland Saigon Limited 25. Region Elite Limited 26. Sebayu Konsortium Sdn Bhd 27. Temasek Potensi Sdn Bhd 28. Ultra Legacy Sdn Bhd Other Principal Commitments 1. Tung Shin Hospital	21. Phoenix Saujana Sdn Bhd 22. Origin Heights Sdn Bhd 23. Super Gem Resources Sdn Bhd 24. The Opera Gastroclub Sdn Bhd 25. Vertigo Dot My Sdn Bhd 26. Urban Palette Sdn Bhd 27. Wealthstead Sdn Bhd	
Other Principal Commitments* Including Directorships# Present * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	1. Angkasa Marketing (Singapore) Pte Ltd 2. Brewood Investment Pte Ltd 3. Lion Asiapac Limited 4. Amsteel Mills Sdn Bhd 5. Andalas Development Sdn Bhd 6. Antara Serijaya Sdn Bhd 7. Bandar Akademia Corporation (M) Sdn Bhd 8. Bandar Akademia Sdn Bhd 9. Bonus Essential Sdn Bhd 10. Brands Pro Management Sdn Bhd 11. Community CSR Sdn Bhd 12. Corporate Code Sdn Bhd 13. Daphne Malaysia Sdn Bhd 14. Eden Flame Sdn Bhd 15. Jana Pendidikan Malaysia Sdn Bhd 16. Limpahjaya Sdn Bhd 17. Lion Aquaculture Sdn Bhd 18. Lion Mining Sdn Bhd 19. Lion Mining (Sabah) Sdn Bhd (formerly known as Alam Maya Sempurna Sdn Bhd) 20. Lion Posim Berhad 21. Lion Steel Sdn Bhd 22. Narajaya Sdn Bhd 23. Pan Malaysian Pools Sdn Bhd 24. Parkson Corporation Sdn Bhd 25. Parkson Holdings Berhad 26. Puncak Pelita Sdn Bhd 27. Pusat Pengurusan Pendidikan Malaysia Sdn Bhd 28. SERC Sdn Bhd 29. Sims Holdings Sdn Bhd 30. Sunsuria Venture Sdn Bhd 31. The Community Chest 32. Tirta Enterprise Sdn Bhd 33. Utara Enterprise Sdn Bhd 34. Watatime (M) Sdn Bhd	1. Gema Binari Sdn Bhd 2. M3C Global Sdn Bhd (formerly known as M3C Communications Sdn Bhd) 3. Parkson Private Label Sdn Bhd 4. Ombrello Resources Sdn Bhd 5. Parkson Branding (L) Limited (Struck off on 6 July 2019) 6. Parkson Branding Sdn Bhd 7. Parkson Corporation Sdn Bhd 8. Parkson Edutainment World Sdn Bhd 9. Parkson Lifestyle Sdn Bhd 10. Parkson Myanmar Co Pte Ltd 11. Parkson SGN Co Ltd 12. Parkson Trends Sdn Bhd 13. Parkson TSN Holdings Co Ltd 14. Parkson Vietnam Co Ltd 15. Parkson Vietnam Investment Holdings Co Ltd 16. Parkson Vietnam Management Services Co Ltd 17. Persada Sepadu Sdn Bhd 18. Prestasi Serimas Sdn Bhd 19. Solid Gatelink Sdn Bhd 20. Solid Green Properties Sdn Bhd 21. Telaga Cahaya Sdn Bhd 22. Valino International Apparel Sdn Bhd	1. Lion Asiapac Limited 2. Stamford Tyres Corporation Limited 3. A-Smart Holdings Limited 4. SMI Vantage Limited

	TAN SRI CHENG HENG JEM	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
	35. William Cheng Sdn Bhd 36. Lancaster Trading Company Limited 37. M3C Productions Company Limited 38. Parkson Retail Development Co., Ltd 39. Qingdao No. 1 Parkson Co., Ltd 40. Classima Capital Ltd 41. Deluxe Venture International Limited 42. East Crest International Limited 43. Marlow House Asia Limited 44. Nan Xin Investments Limited 45. Lion Tin Limited 46. Lion Tin AB Limited 47. Lion Tin GD Limited 48. Lion Tin UL Limited 49. Lion Tin Investments Limited 50. Parkson Retail Group Limited 51. PP. SW Development Co., Ltd. <u>Other Principal Commitments</u> 1. The Associated Chinese Chambers of Commerce and Industry of Malaysia 2. The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor 3. Malaysia Steel Association 4. Kuen Cheng High School 5. Malaysia Retailers Association 6. The Associated Chinese Chambers of Commerce and Industry of Malaysia's Socio-Economic Research Trust 7. Federation of Asia-Pacific Retailers Association		
<u>Information required</u> **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**			
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No

	TAN SRI CHENG HENG JEM	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No
c) Whether there is any unsatisfied judgment against him?	No	No	No
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No

	TAN SRI CHENG HENG JEM	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No	No

	TAN SRI CHENG HENG JEM	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?			
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No

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PARKSON RETAIL ASIA LIMITED
Company Registration No. 201107706H
(Incorporated In Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT:
1. The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this Proxy Form will not be sent to members. Instead, the Notice of AGM and this Proxy Form will be sent to members by electronic means via publication on the SGXNET.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman as proxy at the AGM, are set out in the Notice of AGM.
3. **A member (whether individual or corporate) who wishes to exercise his/her/its vote must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.**
4. This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act 1967) ("Investors") (including investors holding through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM to submit his/her vote.
5. **Personal Data Privacy:** By submitting this proxy form, a member of the Company accepts and agrees to the personal data terms set out in the Notice of AGM dated 14 April 2022.
6. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.**

I/We ____ (Name) __________________________ (NRIC/Passport Number)

of ____ (Address)

being a *member/members of PARKSON RETAIL ASIA LIMITED (the "**Company**"), hereby appoint the **Chairman of the Annual General Meeting ("Chairman")** as *my/our proxy/proxies to vote for *me/us on *my/our behalf at the Annual General Meeting ("AGM" or "Meeting") of the Company to be held by way of electronic means on Friday, 29 April 2022 at 10.30am and at any adjournment thereof in the following manner:

No.	Ordinary Resolutions:	[1]No. of Votes For	[1]No. of Votes Against	[1]No. of Votes Abstaining
1	To receive and adopt the Audited Financial Statements of the Company for the financial period from 1 July 2020 to 31 December 2021 together with the Directors' Statement and Auditor's Report			
2	To re-elect Tan Sri Cheng Heng Jem as a Director			
3	To re-elect Ms Cheng Hui Yuen, Vivien as a Director			
4	To re-elect Mr Sam Chong Keen as a Director			
5	To approve the payment of additional Directors' fees of S$30,000 for the financial year ended 31 December 2021.			
6	To approve the payment of Directors' fees of up to S $250,000 for the financial year ending 31 December 2022, payable quarterly in arrears			
7	To re-appoint Messrs Foo Kon Tan LLP as Auditor			
8	To authorise the Directors to issue new shares			
9	To approve the renewal of the General Mandate for Interested Person Transactions			
10	To approve the renewal of the Share Purchase Mandate			

[1] If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or if you wish to abstain from voting in respect of the resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstaining" in the boxes provided for the resolution.

Dated this _________ day of _____________ 2022

Total number of Ordinary Shares in:	No. of Ordinary Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

** Delete where inapplicable*

Notes:

1. Please insert the total number of shares of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. **A member (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company. This proxy form may be accessed at the SGXNET.** Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

3. This proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM to submit his/her vote.

Fold along this line

Affix
Postage
Stamp

Parkson Retail Asia Limited
c/o The Share Registrar
B.A.C.S. Private Limited
77 Robinson Road
#06-03, Robinson 77
Singapore 068896

This flap for sealing

4. The proxy form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road #06-03 Robinson 77 Singapore 068896; or

   (b) if submitted electronically, be submitted via email to main@zicoholdings.com.

   in each case, not less than 48 hours before the time appointed for holding the AGM.

   A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   Members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 14 April 2022.

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

80 Robinson Road #02-00
Singapore 068898