PARKSON HOLDINGS BERHAD

A Member of Lion Group

Registration No. 198201009470 (89194-P)

LAPORAN TAHUNAN 2021 ANNUAL REPORT

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 38th Annual General Meeting of Parkson Holdings Berhad ("38th AGM") will be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 25 May 2022 at 10.30 am for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the 18-month financial period ended 31 December 2021 and the Reports of the Directors and Auditors thereon. **Note 1**

2. To approve the payment of Directors' fees amounting to RM322,500 for the 18-month financial period ended 31 December 2021. **Resolution 1**

3. To approve the payment of Directors' benefits of up to RM93,000 for the period commencing after the 38th AGM until the next annual general meeting of the Company. **Resolution 2**

4. To re-elect the following Directors who retire by rotation in accordance with Clause 110 of the Company's Constitution and who being eligible, have offered themselves for re-election:

   (i) Cik Zainab binti Dato' Hj. Mohamed **Resolution 3**
   (ii) Mr Liew Jee Min @ Chong Jee Min **Resolution 4**
   (iii) Mr Ooi Kim Lai **Resolution 5**

5. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

6. Special Business

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

6.1 Retention of Independent Non-Executive Director

"THAT Cik Zainab binti Dato' Hj. Mohamed who has served as an independent non-executive Director of the Company for a cumulative period of more than 9 years, be and is hereby retained as an independent non-executive Director of the Company." **Resolution 7**

6.2 Authority to Directors to Issue and Allot Shares

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue and allot shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 8**

6.3 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions

"THAT approval be and is hereby given for the renewal of the mandate for the Company and its subsidiaries (collectively, the "Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of the Circular to Shareholders of the Company dated 26 April 2022 ("Related Parties"), provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 9**

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

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

(ii) the expiration of the period within which the next annual general meeting of the Company after that date is required to be held pursuant to Section 340(2) of the Companies Act 2016 (but must not extend to such extension as may be allowed pursuant to Section 340(4) of the Companies Act 2016); or

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

whichever is the earlier; and

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

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

By Order of the Board

LIM KWEE PENG (MAICSA 7015250)
SSM PC No. 202008002981

CHOO YOON MAY (MAICSA 7044632)
SSM PC No. 202008002365
Secretaries

Kuala Lumpur
26 April 2022

Notes:

- *Proxy*

  (i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 19 May 2022 shall be eligible to participate at the Meeting.

  (ii) A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.

  (iii) If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.

  (iv) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.

  (v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

  (vi) The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.

  (vii) Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.

- *The 38th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at https://sshsb.net.my/. Please refer to the procedures provided in the Administrative Guide for the 38th AGM for registration, participation and remote voting via the RPV facilities.*

1. *Audited Financial Statements for the 18-month financial period ended 31 December 2021*

   The Audited Financial Statements are laid in accordance with Section 340(1)(a) of the Companies Act 2016 for discussion only. As such, this Agenda item is not a business which requires a resolution to be put to vote by Members.

2. *Resolution 2*

   The benefits payable to the Directors of up to RM93,000 for the period commencing after the 38th AGM until the next annual general meeting of the Company comprise estimated meeting allowance in respect of Directors' attendance at Board and Board Committees meetings which have been scheduled and those unscheduled. The Board is of the view that it is just and equitable for the Directors to be paid the meeting allowance as and when incurred in discharging their responsibilities and rendering their services to the Company throughout the relevant period.

3. *Resolutions 3 to 5*

   The following Directors ("Retiring Directors") retire in accordance with Clause 110 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (i) Cik Zainab binti Dato' Hj. Mohamed
   (ii) Mr Liew Jee Min @ Chong Jee Min
   (iii) Mr Ooi Kim Lai

   The Nomination Committee ("NC") had reviewed the performance and contribution of each of the Retiring Directors and had also assessed the independence of Cik Zainab and Mr Chong, the independent non-executive Directors seeking re-election.

   Based on the results of the annual assessment for the financial period ended 31 December 2021, the NC was satisfied with the performance of each of the Retiring Directors who had discharged his/her duties and responsibilities effectively at all times.

   The NC was also satisfied that Cik Zainab and Mr Chong had maintained their independence in exercising independent judgement to act in the best interest of the Company in the financial period under review.

   The Board had concurred with the NC's recommendation to seek Shareholders' approval for the re-election of the Retiring Directors.

   The profiles of the Retiring Directors are set out on pages 7 and 8 of the 2021 Annual Report.

4. *Resolution 7*

   The Board assisted by the NC, had assessed the independence of Cik Zainab binti Dato' Hj. Mohamed who has served on the Board as an independent non-executive Director of the Company for a cumulative period of more than 9 years, and had recommended that the approval of the Shareholders be sought to retain Cik Zainab as an independent non-executive Director with consideration that she possessed the following attributes necessary in discharging her role and functions as an independent non-executive Director of the Company:

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

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

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

   (iv) Vast experience in audit and finance fields and as such could provide the Board and the Audit Committee with relevant audit and finance knowledge and advice when necessary.

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

5. *Resolution 8*

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

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

As at the date of this Notice, 55,000,000 new ordinary shares in the Company were issued and allotted by way of private placement pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 25 November 2020. The total proceeds raised from the said private placement exercise which had been completed on 17 March 2022, was approximately RM9.58 million. The details and status of the utilisation of proceeds raised therefrom as at 31 March 2022 are as follows:

Purpose	***Proposed Utilisation (RM Million)***	***Amount Utilised (RM Million)***	***Amount Unutilised (RM Million)***
Working capital requirements of the Group	*9.43*	*8.48*	*0.95*
Expenses for private placement	*0.15*	*0.19*	**(0.04)*
Total	***9.58***	***8.67***	***0.91***

Note:

* *The actual expenses incurred for the private placement was higher than the estimated amount resulting in the difference of approximately RM0.04 million being adjusted from the amount earmarked for working capital of the Group.*

6. *Resolution 9*

This approval will allow the Group to continue to enter into recurrent related party transactions of a revenue or trading nature with those Related Parties, which are necessary for the Group's day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders.

Details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders dated 26 April 2022 which is made available at the Company's website at www.lion.com.my/parkson-agm and Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Tan Sri Cheng Heng Jem *(Chairman and Managing Director)* Ms Cheng Hui Yen, Natalie *(Executive Director)* Cik Zainab binti Dato' Hj. Mohamed Mr Liew Jee Min @ Chong Jee Min Mr Ooi Kim Lai
Secretaries	:	Ms Lim Kwee Peng (MAICSA 7015250) SSM PC No. 202008002981 Ms Choo Yoon May (MAICSA 7044632) SSM PC No. 202008002365
Registration No	:	198201009470 (89194-P)
Registered Office	:	Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel No : 03-21420155 Fax No : 03-21413448 Website : www.lion.com.my/parkson
Share Registrar	:	Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	:	Grant Thornton Malaysia PLT Level 11, Sheraton Imperial Court Jalan Sultan Ismail 50250 Kuala Lumpur Wilayah Persekutuan
Principal Bankers	:	HSBC Amanah Malaysia Berhad CIMB Bank Berhad Malayan Banking Berhad China Merchants Bank China Zheshang Bank Bank of China (Hong Kong) Limited BNP Paribas Hong Kong Branch
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	:	PARKSON
Bursa Securities Stock No	:	5657
Reuters Code	:	PRKN.KL

DIRECTORS' PROFILE

Tan Sri Cheng Heng Jem
Non-Independent Chairman and Managing Director

Y. Bhg. Tan Sri Cheng Heng Jem, a Malaysian, male, aged 79, was appointed to the Board on 30 March 1989. He was appointed the Managing Director and the Chairman of the Company on 16 August 2006 and 13 November 2006 respectively.

Tan Sri Cheng has more than 45 years of experience in the business operations of the Lion Group encompassing retail, credit financing and money lending services, steel, mining, property development, tyre manufacturing, motor, agriculture and computer industries.

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's other directorships in public companies are as follows:

- Chairman of Lion Posim Berhad, a public listed company
- 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 has a direct shareholding of 286,923,039 ordinary shares in the Company ("Parkson Shares") and a deemed interest in 339,994,089 Parkson Shares. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 223 of this Annual Report.

Tan Sri Cheng is the father of (i) Ms Cheng Hui Yen, Natalie, the Executive Director of the Company; (ii) Ms Juliana Cheng San San who is an Executive Director of Parkson Retail Group Limited ("PRGL"), a subsidiary of the Company listed on The Stock Exchange of Hong Kong Limited; and (iii) Ms Cheng Hui Yuen, Vivien who is an Executive Director of Parkson Retail Asia Limited ("PRA"), a subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited.

Tan Sri Cheng attended all 8 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

Cheng Hui Yen, Natalie
Executive Director

Ms Cheng Hui Yen, Natalie, a Malaysian, female, aged 38, was appointed the Executive Director of the Company on 26 August 2015.

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

Ms Natalie Cheng joined Parkson Corporation Sdn Bhd in 2005 in the Cosmetics and Fragrances Department followed by the Gents and Sports Departments, and currently, heads the Merchandising Department as Director - Merchandising. Prior to joining Parkson, Ms Natalie Cheng had completed her internship with Saatchi & Saatchi Beijing in the People's Republic of China ("PRC") in the Strategic Planning Department before returning to Malaysia.

Apart from overseeing Parkson's Merchandising Department in Malaysia, Ms Natalie Cheng keeps abreast of the retail scene in the PRC and Vietnam as well as in Malaysia for the improvement of the Parkson stores. She also undertakes investor relations by engaging with fund managers and analysts on the retail industry.

Ms Natalie Cheng has a direct shareholding of 50,000 ordinary shares in PRA.

Ms Natalie Cheng is the daughter of Y. Bhg. Tan Sri Cheng Heng Jem who is the Chairman and Managing Director, and a major shareholder of the Company. She is also the sister of Ms Juliana Cheng San San who is an Executive Director of PRGL, and Ms Cheng Hui Yuen, Vivien who is an Executive Director of PRA.

Ms Natalie Cheng attended all 8 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

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

Cik Zainab binti Dato' Hj. Mohamed, a Malaysian, female, aged 64, was appointed to the Board on 23 November 2012. She is also the Chairman of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee of the Company.

Cik Zainab graduated with a Diploma in Accountancy from Universiti Teknologi MARA (UiTM) in 1978 and studied at the London School of Accountancy, England for the Association of Chartered Certified Accountants qualification from 1979 to 1981. She is a member of the Malaysian Institute of Accountants, and was a Fellow Member of the Association of Chartered Certified Accountants until 2020.

Cik Zainab has more than 35 years of experience in the audit and finance fields holding various positions in an audit firm, a commercial bank, an investment and holding company, a petroleum multinational company, a general insurance company and a solid waste management concessionaire.

She managed her own management and consultancy firm, ANZ Consultancy Services from 2002 until her retirement in 2019.

Cik Zainab attended all 8 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

Liew Jee Min @ Chong Jee Min
Independent Non-Executive Director

Mr Liew Jee Min @ Chong Jee Min, a Malaysian, male, aged 63, was appointed to the Board on 15 January 2019. He is also the Chairman of the Nomination Committee and Remuneration Committee, and a member of the Audit Committee of the Company.

Mr Chong graduated from the University of Leeds, England in 1984 with an Honours degree in Law. He obtained his Certificate of Legal Practice, Malaya in 1985 and was admitted as an advocate and solicitor to the High Court of Malaya in 1986. He established the firm Messrs J.M. Chong, Vincent Chee & Co. Advocates & Solicitors in December 1986 and has been practising since, concentrating on banking, corporate, commercial and real estate matters. He is the managing partner of the firm.

Mr Chong is the Vice President of the Klang Chinese Chamber of Commerce and Industry ("KCCCI"); the Chairman of the Legal Affairs Committee of the KCCCI and The Associated Chinese Chamber of Commerce & Industry of Coastal Selangor; a council member of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, and also the Chairman of its Legal Affairs Committee; and a member of the Legal Affairs Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia. He is a legal advisor of Malaysia Used Vehicle Autoparts Traders Association, The Kuala Lumpur & Selangor Furniture Entrepreneur Association and Sekolah Menengah Chung Hua (PSDN) Klang.

Mr Chong's other directorships in public listed companies are as follows:

- Chairman of YKGI Holdings Berhad and Rubberex Corporation (M) Berhad
- Director of Jaks Resources Berhad and Hextar Global Berhad

Mr Chong attended all 8 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

Ooi Kim Lai
Non-Independent Non-Executive Director

Mr Ooi Kim Lai, a Malaysian, male, aged 54, was appointed to the Board on 12 May 2014. He is also a member of the Audit Committee and Nomination Committee of the Company.

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

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

He is also a Director of ACB Resources Berhad, Lion Corporation Berhad and Lion Diversified Holdings Berhad (In liquidation), all public companies.

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

Mr Ooi attended all 8 Board Meetings of the Company held during the 18-month financial period ended 31 December 2021.

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

PROFILE OF KEY SENIOR MANAGEMENT

Juliana Cheng San San
Singaporean, female, 52 years of age

Ms Juliana Cheng San San was appointed an Executive Director of Parkson Retail Group Limited ("PRGL") on 28 August 2015. PRGL Group undertakes the Group's retail business in the People's Republic of China ("PRC").

Ms Juliana Cheng graduated with a Bachelor of Commerce (Management) from the University of Western Sydney, Australia in 1994 and completed a Program for Global Leadership from Harvard Business School, Boston, the United States of America in 2000.

Ms Juliana Cheng started her career with the Lion Group in 1995 with stints in Singapore and Malaysia. During her tenure from 1995 to 2004, she held various positions in finance, human resource, administration and business development. In 2004, Ms Juliana Cheng was seconded to Parkson China as Cosmetics Manager and thus, began her career in the retail industry. She left Parkson China in May 2006 and joined Chanel (China) Co., Ltd. as the National Accounts Manager for business development in the PRC. In June 2010, she re-joined Parkson China as Regional Director overseeing its retail operations in the PRC. She is also a director of various subsidiaries of PRGL. During her more than 25 years with the Lion Group, Parkson China and Chanel (China) Co., Ltd., she has accumulated vast experience and knowledge of the retail and branding industry which enables her to contribute to the Group.

Ms Juliana Cheng is the daughter of Y. Bhg. Tan Sri Cheng Heng Jem who is the Chairman and Managing Director, and a major shareholder of the Company. She is also the sister of Ms Cheng Hui Yen, Natalie, the Executive Director of the Company, and Ms Cheng Hui Yuen, Vivien who is an Executive Director of Parkson Retail Asia Limited, a subsidiary of the Company listed on the Singapore Exchange Securities Trading Limited.

Zhou Jia
Chinese, male, 50 years of age

Mr Zhou Jia was appointed the Acting Chief Executive Officer of the PRGL Group on 1 January 2022. Prior to assuming his current position, he was the Chief Operating Officer ("COO") of the PRGL Group since 2016.

Mr Zhou graduated with a Bachelor of Business Administration from the University of Yuzhou, the People's Republic of China in 1994.

In 1995, Mr Zhou joined the Merchandising Division of Chongqing Wanyou Parkson and was promoted as the Assistant General Manager of Kunming Parkson in 2002. Mr Zhou was subsequently promoted as the Head of Kunming Parkson in 2004, the Regional General Manager in 2010 and the PRGL Group's Senior Operating Officer in 2014.

Law Boon Eng
Malaysian, male, 64 years of age

Mr Law Boon Eng was appointed the COO in October 2015 for the Group's retail operations in Malaysia.

Mr Law obtained his Diploma in Management from Curtin University, Australia in 1992.

Mr Law first joined the Group's Malaysia operations in 1988 as a Divisional Merchandising Manager and was appointed the General Manager of Merchandising and Marketing Department in 1996. Mr Law left the Group in 2001 and re-joined the Group as the Acting COO in 2014. Mr Law has more than 35 years of experience in the retail industry. Prior to re-joining the Group, Mr Law held various senior positions in other major retail groups in Malaysia, including COO and Executive Director of Ngiu Kee Corporation Bhd from 2001 to 2003 and Executive Director of Asia Brands Corporation Berhad from 2003 to 2007.

Poh Wan Chung, Danny
Malaysian, male, 49 years of age

Mr Poh Wan Chung, Danny, a Director of Parkson Credit Sdn Bhd ("Parkson Credit"), assumed the position of Executive Director on 1 March 2021, in charge of and responsible for the operations of Parkson Credit, a wholly-owned subsidiary of PRGL, which provides consumer durables financing and money lending services under the name of *Parkson Credit*.

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

Mr Danny Poh has more than 25 years of working experience in financial institutions in the areas of hire purchase, credit card, consumer credit and loans. He first joined the Group in January 2014 as the General Manager of the credit financing business and was promoted as Senior General Manager in January 2015. Prior to joining the Group, he was the Head of New Business and Insurance Agency and General Manager of AEON Credit Service (M) Berhad and served as its Head of Marketing and Business Development Division responsible for its marketing, sales and business development function.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the 18-month financial period ended 31 December 2021. This CG Overview Statement is prepared pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

The Board has been guided by the Malaysian Code on Corporate Governance ("MCCG") in its implementation of CG practices by the Company and its subsidiaries to promote a holistic adoption of CG practices and culture within the Group in the best efforts while ensuring compliance with the Listing Requirements and the Companies Act 2016 ("CA 2016") in addition to monitoring developments in industry practice and other relevant regulations.

The CG Overview Statement provides a summary of the Company's CG practices during the financial period, with reference to the following 3 principles, intended outcomes and practices of the MCCG, having considered the Company's structure, processes, business environment and industry practices:

- Board leadership and effectiveness;
- Effective audit and risk management; and
- Integrity in corporate reporting and meaningful relationship with stakeholders.

This CG Overview Statement should be read together with the CG Report, which is available on the Company's website at www.lion.com.my/parkson. It should also be read in conjunction with other statements in this Annual Report such as the Statement on Risk Management and Internal Control, the Audit Committee Report and the Sustainability Statement.

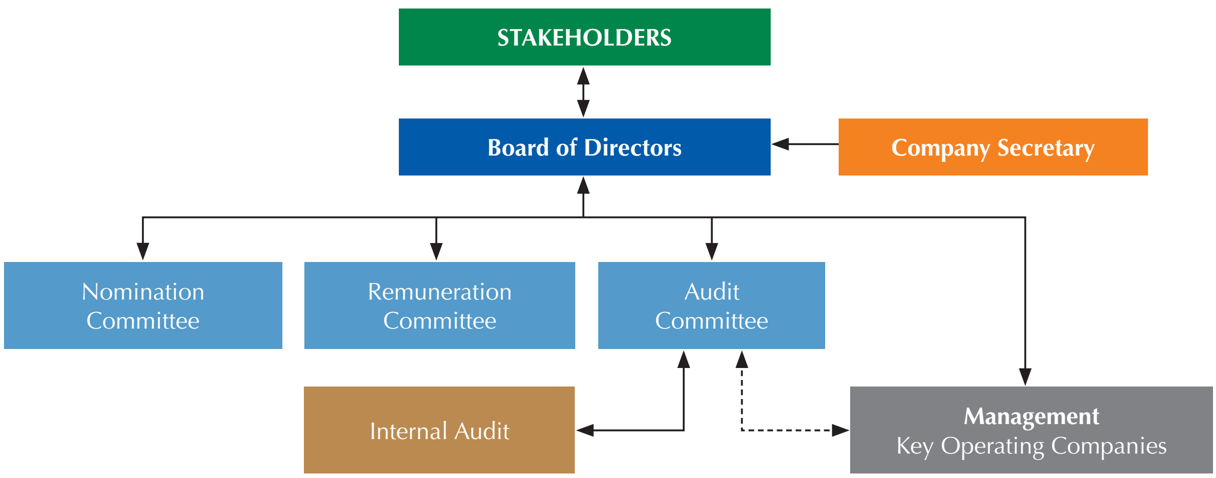
In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG apart from the practices prescribed for Large Companies as defined in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial period under review except for the following practices:

- Practice 1.3 : Positions of Chairman and Chief Executive Officer are held by different individuals.
- Practice 5.2 : At least half of the board comprises independent directors.
- Practice 5.10 : Company's policy on gender diversity for the board and senior management.
- Practice 8.2 : Disclosure on a named basis, the remuneration of top 5 senior management.

A detailed explanation of how the Company has applied each CG practice as set out in the MCCG, taking into consideration the specific circumstances affecting the Group, including alternative measures taken to achieve the intended outcomes and the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial period ended 31 December 2021.

CORPORATE GOVERNANCE FRAMEWORK

The governance structure of the Company where the responsibilities of the Board are delegated to the relevant Board Committees and the Management of the Company are illustrated below:



BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Responsibilities for Leadership and Meeting Objectives and Goals

The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals, delivering sustainable value and realising long-term shareholders value. The Board is primarily responsible for overseeing the implementation of strategies and plans by the Management, promoting good corporate governance culture and the governance of sustainability within the Group, overseeing the conduct of the Group's businesses, monitoring and evaluating the implementation of appropriate systems and framework to identify, analyse, manage and monitor principal risks, reviewing the adequacy and integrity of the Group's system of internal control, and ensuring effective communications with stakeholders.

The Chairman is primarily responsible for ensuring Board effectiveness and leading the Board in its collective oversight of management whereas the Managing Director ("MD") and the Executive Director ("ED") are responsible for day-to-day management of the Group's businesses and operations including the implementation of business plans, strategies and policies. The distinct and separate roles of the Chairman, MD and ED with clear division of responsibilities are set out in the Company's Board Charter. Notwithstanding, the Company being cognisant of the requirements of the MCCG, given the Chairman's wealth of over 45 years of experience in the business operations of the Group, the history of the Group, its structure, business environment and the territories globally in which the Group operates, and performance track records, the Chairman also assumes the position of the MD for continuing leadership. In line with the recommendation of the MCCG, the Chairman is not a member of any Board Committees.

The Company Secretaries who have the requisite credentials and qualifications are available and provide support to the Board and Board Committees in ensuring that all of their meetings as well as general meetings are properly convened in accordance with applicable rules and procedures and that the records of the proceedings and resolutions are properly maintained. The Company Secretaries also facilitate the communication of decisions made by the Board and Board Committees to the relevant Management for appropriate actions.

The Directors also have access to the Company Secretaries for advice on their duties and obligations under the CA 2016 and updates on corporate governance matters, statutory and regulatory requirements, and other relevant legislations in addition to administrative matters.

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

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

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

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial period, 8 Board Meetings were held.

Demarcation of Responsibilities between Board, Board Committees, Individual Directors and Management

As part of the corporate governance process, the Board has formalised and adopted the Board Charter which clearly sets out the composition, roles, responsibilities, powers and processes of the Board, and matters reserved for decision of the Board. In facilitating the discharge of duties by the Board, the Board Charter provides for delegation of responsibilities by the Board to Board Committees via approved Terms of Reference of each Board Committee and the reporting obligations by the Board Committees. The Board Charter sets out responsibilities of the Board to ensure effective interactions between the Management and the Board. The Board Charter also serves as reference criteria for the Board in the assessment of its own performance, individual Directors and the Board Committees. Ultimately, the Board Charter reinforces the overall accountability of both the Board and the Management towards the Company and the stakeholders.

The Board Charter is subject to review by the Board at least once in every 3 years or as and when the need arises and in tandem with any new or revision of relevant statutory and regulatory requirements impacting the responsibilities and discharge of duties by the Board. The Company's Board Charter is available on the Company's website for reference.

In assisting the Board to discharge its oversight functions, the Board delegates certain responsibilities to 3 committees, namely the Audit Committee, the Nomination Committee and the Remuneration Committee. The Terms of Reference which regulate the affairs and conduct of these Committees spell out their composition, responsibilities, authorities and duties. The respective Committees report to the Board on matters considered and their recommendations thereon. The Board may also form other committees delegated with specific authorities to act on its behalf whenever required. The ultimate responsibility for the final decision on all matters, however, lies with the Board.

The Terms of Reference of the respective Committees are available on the Company's website for reference.

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

Commitment to Good Business Conduct and Healthy Corporate Culture

The Board in discharging its functions has observed the Code of Ethics for Company Directors issued by the Companies Commission of Malaysia ("CCM") which can be viewed from the CCM's website at www.ssm.com.my, the provisions of the CA 2016, and the principles of the MCCG.

The Group has in place, a Code of Business Ethics and Conduct ("CoBEC") which covers the ethical values and principles of the Group and provides guidance on acceptable behaviour to all Directors and employees of the Group in operating and managing the Group's businesses and affairs. The CoBEC is further supported by other policies which include the Whistleblower Policy, Competition Policy, Sexual Harassment Policy, Sustainability Policy & Framework, Procurement Framework, Integrity & Fraud Risk Policy and Personal Data Protection Framework of the Group.

The Group has an Anti-Bribery and Corruption Policy ("ABC Policy") which reflects the Group's stand of zero tolerance against all forms of bribery and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy elaborates on the Group's core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

The key policies are available on the Company's website under the section "Governance".

The emergence of COVID-19 pandemic in early 2020 had a far-reaching impact to all businesses globally, including those of the Group. In order for the Board to effectively monitor the Group's risk management, the Board assessed the initiatives and action steps taken by Management in responding to the COVID-19 pandemic and other arising challenges, to ensure continuous sustainability of the Group's operations whilst constantly fostering a safe working environment for the employees.

Management re-evaluated and where appropriate, adapted existing processes due to the impact of the movement control orders on the business operations and restructured the operations arrangements for manufacturing teams due to the travel restrictions to ensure business continuity while strictly enforcing Standard Operating Procedures ("SOPs") to mitigate COVID-19 effects. For the office-based staff, the workforce transitioned to working from home on a staggered schedule.

With a new working landscape (due to the SOPs), the Group placed emphasis on the mental health of its employees, in addition to physical safety. The Board was regularly briefed on Management's plans and actions with regard to the wellbeing of employees while also ensuring their productivity despite various operational restrictions. The Board was fully supportive of Management's actions and continues to monitor the progress. Learnings from such initiatives have been shared and improvements have been made where appropriate to enhance flexibility in working processes, thereby reinforcing the Company's commitment to the health and safety of the employees.

As a response to the new normal, the Annual General Meeting and the Extraordinary General Meeting of the Company held during the financial period were conducted virtually, paving the way for the increased use of technology in facilitating communication, meaningful engagement between the Board, Senior Management and the Shareholders whilst ensuring the safety of Shareholders, the Board and employees.

Commitment to Address Sustainability Risks and Opportunities in an Integrated and Strategic Manner

The Board shoulders the responsibility of catalysing economic growth by empowering businesses, and serving in the best interests of the employees, customers, suppliers, community and society at large, while continuously committed to understanding and implementing sustainable practices to achieve the right balance between the objectives of the Shareholders, attaining economic success, protecting the environment and fulfilling ethical obligations to other stakeholders and the wider community (in which the Group has a presence).

Full details of the Group's commitment to the sustainability in the aspects of Environment, Social and Governance ("ESG") are found in the Sustainability Statement on pages 51 to 60 of this Annual Report.

II. BOARD COMPOSITION

Objectivity in Board Decision-Making

The objectivity in decision-making by the Board is driven by its composition, role of independent non-executive directors and competencies of its members. Currently, the Board comprises 5 Directors, 3 of whom are non-executive. Represented on the Board are 2 independent non-executive Directors, whose presence and participation provide independent advice, views and judgement to bear on the decision-making process of the Group in ensuring that a balanced and unbiased deliberation process is in place to safeguard the interests of all stakeholders. As and when a potential conflict of interests arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

The Board acknowledges that although the current Board composition complies with the Listing Requirements, the Company has not applied the recommendation of the MCCG whereby at least half of the board comprises independent directors. The Board will endeavour to fulfil the recommendation of the MCCG.

In accordance with the Company's Constitution, 1/3 of the Directors shall retire from office at every annual general meeting and all Directors shall retire from office at least once in every 3 years. Retiring Directors can offer themselves for re-election. Directors who are appointed by the Board during the financial year are subject to re-election by the Shareholders at the next annual general meeting following their appointment.

The MCCG provides that the tenure of an independent Director shall not exceed a cumulative period of 9 years. Upon completion of the 9 years, an independent Director may continue to serve on the Board as a non-independent Director. In the event such Director is to be retained as an independent Director beyond 9 years, the Board must provide justification and obtain Shareholders' approval.

Cik Zainab binti Dato' Hj. Mohamed has served on the Board as an independent non-executive Director for more than 9 years and will be re-designated a non-independent non-executive Director upon the conclusion of the 38th Annual General Meeting of the Company ("38th AGM") in line with the recommendation of the MCCG. In this regard, Shareholders' approval will be sought at the 38th AGM to retain Cik Zainab as an independent non-executive Director with consideration that she possessed the attributes necessary in discharging her role and functions as an independent non-executive Director of the Company.

The Nomination Committee is responsible for recommending to the Board the re-election of Directors and the retention of the independent Directors whose tenure of service will exceed 9 years or have exceeded 9 years. The Board, assisted by the Nomination Committee, assesses the independence of the independent Directors and tenure of each Director on an annual basis. In addition, the independent Directors affirm their independence annually to the Board.

In optimising the collective leadership by the Board in providing clear direction and opportunities for the Group, the Board, in its appointments and composition, pays due recognition to the mix of competencies, expected contributions and diversity representation of the Board. The Board, from time to time, undertakes a review of the merit of the appointment criteria in the context of the Group's businesses and strategies for appropriateness.

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates to be appointed to the Board and Board Committees.

As an enhancement to its process of sourcing suitable candidates for the Board, the Nomination Committee may also consider procuring suitable candidates from independent sources, when appropriate and practicable.

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the broad Fit & Proper and Independence Criteria as set out in the Board Charter and the following:

- Competencies – qualifications, knowledge including financial literacy, industrial experience and expertise, seniority and past achievements;
- Expected contributions – appointment scope, role, commitment level, professionalism and integrity; and
- Diversity representation – appropriateness and the fulfilment of the Board's desired mix of competencies, age, gender and cultural background.

While recognising the importance of providing fair and equal opportunities for appointment of Board and Senior Management, the Board is supportive of the Government's target of having at least 30% women participation on boards of public listed companies in Malaysia and has applied the recommendation of the MCCG. The Board currently has 2 women Directors.

The process and criteria to identify and nominate candidates for appointment as a Director, re-election and re-appointment of existing Directors, and retention of independent Directors are set out in the Board Charter.

A brief description of each Director's background is presented in the respective profile under Directors' Profile on pages 6 to 8 of this Annual Report.

The Nomination Committee comprises 3 members, all of whom are non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by an independent Director. The composition and the Terms of Reference of the Nomination Committee are presented on page 36 of this Annual Report and are available on the Company's website for reference.

Effectiveness of the Board and Individual Directors

The Nomination Committee assesses and evaluates on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as individual Directors based on the criteria set out by the Board and in accordance with the respective Board Committee's Terms of Reference.

In the evaluation of the performance of the Board for the financial period, the Directors were also assessed on their commitment in ensuring that ESG risks and opportunities as well as stakeholders engagement were considered in the organisation's vision and strategy and that the organisation's sustainability initiatives were communicated to its internal and external stakeholders.

The assessment criteria for review of performance and effectiveness of the Board, Board Committees and individual Directors are set out in the Board Charter.

<u>Time Commitment</u>

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

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

<u>Directors' Training</u>

All Directors are encouraged to attend relevant external professional programmes as necessary to keep abreast of issues facing the changing business environment within which the Group operates by engaging in continuous professional development and where appropriate, on financial literacy.

The Board, on a continuing basis, evaluates and determines the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and to effectively discharge their duties and roles including understanding financial statements and are able to form a view on information presented.

The Board in ensuring that it is equipped and ready to execute its role, should identify its professional development needs concerning sustainability to address the same.

The Directors are kept up-to-date with market developments and related issues through Board discussion meetings with Management. In addition, the Company may arrange site visits for the Directors, whenever necessary, to enhance their understanding of the Group's businesses and have a better awareness of the risks associated with the Group's operations.

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

During the financial period, the Directors had attended the following webinars, workshops, forums, roundtable and training programmes ("Programmes") on topics in relation to corporate governance; business opportunities, investment and prospects in various industries and countries; risk management and internal controls; economic and regional issues; entrepreneurship and leadership; statutory and regulatory updates and requirements; financial and accounting knowledge and updates; sustainability covering community, environment, marketplace and workplace; fraud, corruption, corporate liability and cybersecurity risks; technology and innovation; COVID-19 impacts and developments; and knowledge on derivatives market equity and crypto assets:

Name of Directors	**Programme**
Tan Sri Cheng Heng Jem	• KPMG Malaysia – Asia-Pacific Board Leadership Centre Webinar on "Board and Audit Committee Priorities 2021" • Malaysian Institute of Management – "2nd Crucial Conversation - Corporate Liability: S17A of the MACC Act - The Ultimate "Vaccine" for Corruption in Private Sector"
Cheng Hui Yen, Natalie	• Bursa Malaysia – Fraud Risk Management Workshop • Malaysian Accounting Standards Board (MASB) – Engagement Session on the IFRS Foundation's Consultation Paper on Sustainability Reporting • KPMG Malaysia – Asia-Pacific Board Leadership Centre Webinar on "Board and Audit Committee Priorities 2021" • Asia School of Business – Webinar on Implementing Amendments in the Malaysian Code on Corporate Governance • Malaysian Institute of Management – "2nd Crucial Conversation - Corporate Liability: S17A of the MACC Act - The Ultimate "Vaccine" for Corruption in Private Sector"
Zainab binti Dato' Hj. Mohamed	• KPMG Webinar Series – Audit Committee Institute Virtual Roundtable 2020 - "ESG perspective: Managing Recovery and Resilience" • KPMG Malaysia – Asia-Pacific Board Leadership Centre Webinar on "Board and Audit Committee Priorities 2021" • Malaysian Alliance of Corporate Directors in collaboration with SpeakRight Consultancy Sdn Bhd – Corporate Governance Revisited: The co-existence of Ethics & Law sets you F.R.E.E. • Malaysian Institute of Management – "2nd Crucial Conversation - Corporate Liability: S17A of the MACC Act - The Ultimate "Vaccine" for Corruption in Private Sector"
Liew Jee Min @ Chong Jee Min	• Hextar Global Berhad ("Hextar") In-House Directors' Training – Corporate Liability Provision under the MACC Act 2009 (Anti-Bribery and Corruption Policy) • KPMG Webinar Series – Audit Committee Institute Virtual Roundtable 2020 - "ESG perspective: Managing Recovery and Resilience" • Tricor Malaysia – "Latest Updates on Listing Requirements and Corporate Governance Monitor Report 2020" • Bursa Malaysia – Fraud Risk Management Workshop • Securities Industry Development Corporation ("SIDC") Webinar jointly organised with the Malaysian Futures Brokers Association ("MFBA") and Bursa Malaysia – "Trading Equity Index Futures (FKLI & FM70) Using Technical Analysis"

Name of Directors	**Programme**
Liew Jee Min @ Chong Jee Min (continued)	• Tricor Axcelasia – Jaks Resources Berhad In-House Directors' Training on Sustainability and Corporate Liability • SIDC Webinar jointly organised with the MFBA and Bursa Malaysia – "Career and Trading Opportunities in Derivatives Market" • Malaysian Institute of Management – "2nd Crucial Conversation - Corporate Liability: S17A of the MACC Act - The Ultimate "Vaccine" for Corruption in Private Sector" • Tricor Training Academy – In-House Corporate Training Programme for Hextar on "Guidelines on Conduct of Directors of Listed Corporations and Their Subsidiaries" issued by the Securities Commission Malaysia; "Analysis of Corporate Governance Monitor 2019 and 2020"; and "Malaysian Code on Corporate Governance" • Iinospire – Hextar In-House Directors' Training on Implementing ESG Practices in the Organisation
Ooi Kim Lai	• ACCA in collaboration with Capital Markets Malaysia (CMM) – Alternative Fund Raising - Leveraging non-listed opportunities in the Capital Market Forum • Malaysian Accounting Standards Board (MASB) – Engagement Session on the IFRS Foundation's Consultation Paper on Sustainability Reporting • KPMG Malaysia – Asia-Pacific Board Leadership Centre Webinar on "Board and Audit Committee Priorities 2021" • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees – Good Practices for Audit Committees in Supporting Audit Quality

The Directors are also updated and apprised on a continuing basis by the Company Secretaries on new and/or revised regulatory and statutory requirements (''Continuing Updates'').

The Board, after having undertaken an assessment, viewed that the Directors, having attended the Programmes as well as having been updated with market developments and related issues, and apprised with the Continuing Updates, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge in discharging their duties and roles as a Director.

III. REMUNERATION

Level and Composition of Remuneration that Attract and Retain Talents

The Company has a formal remuneration policy for the Board of Directors and Senior Management respectively to ensure that it attracts, retains and motivates experienced, well qualified and high calibre Directors and Senior Management to manage the Company's and the Group's businesses and operations effectively. Directors do not participate in decisions regarding their own remuneration. The Board continued to apply the criteria set for determining the remuneration packages of executive Directors whilst the recommendation made by the Board on the non-executive Directors' fees for approval by Shareholders at the Company's annual general meeting was reflective of the market competitiveness and responsibilities undertaken by the Directors.

The Board delegates the oversight of the remuneration of the MD and the ED to the Remuneration Committee. The composition and the Terms of Reference of the Remuneration Committee are presented on page 38 of this Annual Report and are available on the Company's website for reference.

Remuneration Factoring in Individual and Company's Performance

Details of the remuneration paid or payable to all Directors of the Company for the financial period ended 31 December 2021 are as follows:

	Fees RM'000	Meeting Allowance RM'000	Salaries & Bonuses* RM'000	Benefits-in-kind RM'000	Total RM'000
The Group					
Executive Directors					
Tan Sri Cheng Heng Jem	334	19	3,751	23	4,127
Cheng Hui Yen, Natalie	37	8	557	51	653
Non-executive Directors					
Zainab binti Dato' Hj. Mohamed	75	17	–	–	92
Liew Jee Min @ Chong Jee Min	68	17	–	–	85
Ooi Kim Lai	68	16	–	–	84
	582	77	4,308	74	5,041
The Company					
Executive Directors					
Tan Sri Cheng Heng Jem	75	8	180	–	263
Cheng Hui Yen, Natalie	37	8	–	–	45
Non-executive Directors					
Zainab binti Dato' Hj. Mohamed	75	17	–	–	92
Liew Jee Min @ Chong Jee Min	68	17	–	–	85
Ooi Kim Lai	68	16	–	–	84
	323	66	180	–	569

Note:

* The salaries are inclusive of employer's provident fund and social security welfare contributions.

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Effective and Independent Audit Committee

The Board affirms its responsibility for the presentation of a balanced and clear assessment of the Group's position, financial performance and future prospects to the Company's stakeholders through the annual financial statements, quarterly financial reports and corporate announcements which are in accordance with the Listing Requirements.

The Audit Committee supports the Board in its responsibility to oversee the financial reporting and the effectiveness of the internal controls of the Group. The Board discusses and reviews the recommendations proposed by the Audit Committee prior to the adoption of the quarterly financial results and the annual audited financial statements of the Group and of the Company, including timely and quality disclosure through appropriate corporate disclosure policies and procedures adopted.

The Audit Committee comprises 3 members, 2 of whom are independent Directors and all 3 members are financially literate. The Chairman of the Audit Committee is elected among the members of the Committee who is not the Chairman of the Board. The Terms of Reference and the main works undertaken by the Audit Committee for the financial period under review are set out in the Audit Committee Report on pages 30 to 35 of this Annual Report.

The Board has established a formal and transparent relationship with the External Auditors through the Audit Committee. The Audit Committee evaluates the performance and assesses the suitability, objectivity and independence of the External Auditors taking into consideration information presented in the External Auditors' Annual Transparency Report and based on the policies and procedures which are in place. The Audit Committee also recommends the re-appointment of the External Auditors and their remuneration to the Board. The re-appointment of the External Auditors is subject to the approval of Shareholders at the annual general meeting whilst their remuneration is determined by the Board.

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

Informed Decisions on Level of Risks and Implementation of Controls in Pursuit of Objectives

The Board has the oversight responsibility of the adequacy and effectiveness of the Group's system of internal control which comprises the governance, risks and controls aspects. The Board believes that effective maintenance of the system is important to help the Group to achieve its various objectives at many levels and having considered the risks that the Group faces whilst balancing out the interest of its many stakeholders and protecting the Group's assets and investments.

The Board fulfils its oversight function of risk management and internal control system via the Audit Committee. An approved Enterprise Risk Management ("ERM") Framework which was developed based on ISO31000 is in place and provides guidance to both the Board and Management on the risk management reporting structure and governance, processes, assessment methodologies and tools. The Management of key operating companies adopt and apply the prescribed methodologies to identify, evaluate, treat, control, track and report the Strategic, Business, Financial and Operational Risks based on the risk appetite set. In addition to the ERM Framework, the Group has in place an approved Compliance Framework which defines the roles and responsibilities to manage compliance risks via the establishment of internal policies, procedures and related framework. It dictates the spheres of compliance governance and promotes effective compliance mechanism in accordance with applicable laws, regulations, rulings, directives and guidelines.

The Internal Audit Function assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework and provide confirmation of the effectiveness of internal control and risk assessment process by the respective Head of Key Operating Companies ("KOC") and Head of accounts and finance of the KOC (on financial related matters) with the signing off of the Risk Management and Internal Control – Self-Assessment Questionnaire (RMIC-SAQ) on an annual basis.

An overview of the Board's responsibility, the state and descriptions of the key components of the Group's system of internal control which include the conduct of reviews by the Internal Audit Function, risk management and compliance management are set out in the Statement on Risk Management and Internal Control on pages 22 to 29 of this Annual Report.

Effectiveness of Governance, Risk Management and Internal Control System

The Board has established an Internal Audit Function within the Group to provide assurance on the effectiveness of risk, control, anti-corruption, whistle-blowing and governance processes. Oversight of the Internal Audit Function is delegated to the Audit Committee to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently. The Internal Audit Function is led by the Group Chief Internal Auditor who reports directly to the Audit Committee. The Internal Auditors attend all meetings of the Audit Committee. The Audit Committee's review of the scope of work, budget, reports by the Internal Audit Function and the detailed description of the Internal Audit Function are provided in the Audit Committee Report on pages 30 to 35 of this Annual Report.

The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on pages 24 and 25 in the Statement on Risk Management and Internal Control and pages 34 and 35 in the Audit Committee Report of this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

Continuous Communication between the Company and Stakeholders to Facilitate Mutual Understanding of Objectives and Expectations

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

The Company's Shareholders and members of the public may gain access to any latest corporate information of the Company on its website at www.lion.com.my/parkson which is linked to the announcements published on the website of Bursa Securities at www.bursamalaysia.com. The Company's website also provides easy access to the Company's Board Charter, Terms of Reference of Board Committees, key policies and annual reports.

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

The Board has identified the Company Secretaries to whom concerns may be conveyed and who would bring the same to the attention of the MD and the ED.

II. CONDUCT OF GENERAL MEETINGS

Participation by Shareholders and Informed Voting Decisions

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

The annual general meetings and other meetings of Shareholders are the principal forum for dialogue with Shareholders. The Company has leveraged technology to facilitate remote participation at general meetings and remote voting by Shareholders. The Remote Participation and Voting facilities provided by a third party Poll Administrator also allow Shareholders to pose questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's financial and non-financial performance, long-term strategies, businesses and affairs. The Shareholders may also pose questions prior to the meetings via email. The Chairman, the Board members, Senior Management as well as the External Auditors are in attendance at the meetings to respond to Shareholders' queries. The Chairman also shares with the Shareholders, the Company's responses to questions submitted in advance of the annual general meetings by the Minority Shareholders Watch Group and ensures that meaningful responses are provided to relevant questions posed by the Shareholders. Minutes of the general meetings of the Company are made available on the Company's website within 30 business days after the meetings.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard the interests of stakeholders (including shareholders' investments) and the Group's assets. The Board is pleased to present the Statement on Risk Management and Internal Control of the Group covering key subsidiaries, which was prepared with reference to the applicable statutory requirements and regulatory guidelines including:

- Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers;
- Corporate Disclosure Guide and Corporate Governance Guide; and
- Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Board Responsibility

The Board affirms its overall responsibility for the Group's internal control system and for reviewing the adequacy and effectiveness of this system which covers governance, enterprise risk management, financial, strategy, organisational, operational, regulatory and compliance controls. However, in view of the inherent limitations in any system, such system of internal control can only provide reasonable and not absolute assurance against material misstatements, frauds or losses and unforeseen emerging risks.

The Board delegates the oversight of internal control and risk management to the Audit Committee ("AC"). The AC deliberated at its meetings, the adequacy and effectiveness of internal controls based on the findings and outcome of the audits which were conducted and reported by the Group Internal Audit ("GIA") during the financial period. The reports by the GIA described the issues discovered during the audits and actions taken by Management in addressing them. The Chairman of the AC thereafter briefed the Board members of the proceedings of the AC meetings including highlighting any material matters on internal control or risk management that warranted the Board's attention. Minutes of the AC meetings which recorded these deliberations were also presented to the Board for notation.

Key Components of Internal Control System

The Group's key components of internal control system are as follows:

1. Integrity and Ethical Values

- A Code of Business Ethics and Conduct ("CoBEC") which sets out the principles to guide employees' conduct to the highest standards of personal and corporate integrity. The CoBEC covers areas such as conflict of interest, use of company assets, confidentiality of proprietary information, acceptance of gifts and business courtesies, prohibition of kickbacks as well as provisions which cover personal data protection, competition, anti-money laundering and anti-terrorism financing. The CoBEC is published on the Company's website at www.lion.com.my/parkson.

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

- An Anti-Bribery and Corruption Policy ("ABC Policy") which reflects the Group's stand of zero tolerance against all forms of bribery, fraud and corruption, and its commitment to lawful and ethical conduct at all times. The ABC Policy elaborates on the Group's core principles set out in the CoBEC and the Employee Code of Conduct, providing information and guidance to all directors, employees and other stakeholders of the Group concerning how to deal with improper solicitation, bribery and other corrupt activities and issues that may arise in the course of business.

- Following the implementation of a corporate liability provision under Section 17A of the MACC Act 2009 effective 1 June 2020 which imposes corporate liability on companies for the corrupt practices of its employees and/or any person associated with the companies in cases where such corrupt practices are carried out for the companies' benefit or advantage, the Group had conducted a series of trainings and workshops to brief employees on the adequate procedures (as per guidelines issued under MACC Act 2009) that had been put in place and to equip them with the required understanding of their duties, responsibilities and obligations under this section. The Board and the Management will continue to strengthen the adequate procedures to prevent acts of corruption related to the organisation.

2. Authority and Responsibility

- The Board establishes the vision and strategic objectives of the Group and is entrusted with the responsibility in leading and directing the Group towards achieving its strategic goals and realising long-term shareholders value. The Group's business strategic directions are also reflected in the respective key operating companies' ("KOCs") Corporate Performance Scorecard ("CPS") which are reviewed half-yearly. The Board retains full and effective control of the Group's strategic plans, overseeing the conduct of the Group's businesses, setting policies, implementing, reviewing and maintaining an appropriate system of risk, control and compliance management and ensuring the adequacy and integrity of the Group's system of internal control. The Board is also responsible in ensuring financial integrity, setting the Group's risk appetite, reviewing and approving material transactions, related party transactions, capital financing and succession planning, and overseeing the implementation of stakeholder communication.

- The Board delegates to the Managing Director ("MD") and the Executive Director ("ED"), the authority and powers of executive management of the Company and its businesses within levels of authority specified from time to time. The MD and the ED may delegate aspects of their authorities and powers but remain accountable to the Board for the Company's performance and are required to report regularly to the Board on the progress being made by the Company's business units and operations. Delegation of responsibilities and accountability by the MD and the ED further down the structure of the Group is communicated and formalised via respective operational structure and organisational chart as well as the authority matrix.

- Board Committees which are guided by respective Terms of Reference were set up to fulfil certain responsibilities delegated by the Board. These Committees assist the Board in promoting governance and accountability as well as overseeing internal controls, Board effectiveness, and nomination and remuneration of Directors and key positions:

  - Audit Committee
  - Nomination Committee
  - Remuneration Committee

- The Management of each operating company is responsible and accountable to the Senior Management, MD, ED and the Board for implementing the frameworks, policies and procedures on risk and internal control as approved or directed by the Board.

3. Organisation Structure

- An operational structure and organisational chart which defines the lines of responsibility and delegation of authority together with a hierarchical structure of reporting and accountability.

- The authority matrix outlines the decision areas and the persons empowered to requisite, authorise and approve the expenditure/commitment. Delegated authority carries with it the obligation to exercise sound judgement, good business sense and accountability.

4. Frameworks, Policies and Procedures

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

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

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

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

- A Group Sustainability Framework which provides the roadmap to enhance Governance and the management of the material Economic, Environmental and Social risks and opportunities as well as stakeholders engagement. It features the four pillars of Sustainability namely, Environment, Workplace, Community and Marketplace.

5. Planning, Monitoring and Reporting

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

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

6. Internal Audit

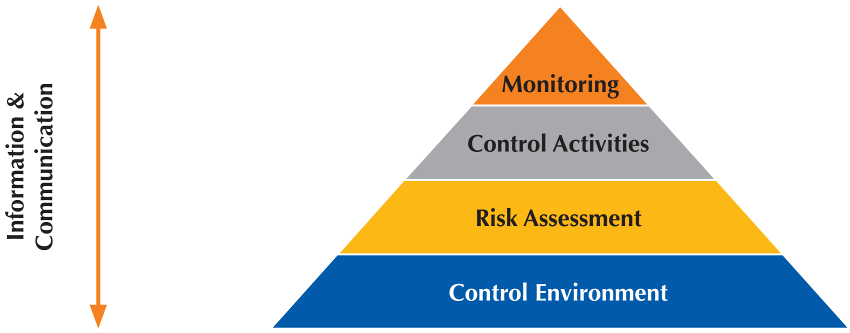
- Internal Audit Charter that is approved by the AC articulates the purpose, responsibility and authority of the GIA function as well as the nature of assurance activities provided by the function.

- Annual Audit Plan that is approved by the AC provides a basis for audit engagements which also considers feedback from the Management. The GIA adopts a risk based audit approach, assesses the selected areas under the audit scope with regard to risk exposures, compliance towards the approved policies and procedures and relevant laws and regulations and where appropriate, benchmarks against best practices in respective industry.

- Review of business processes and system of internal control and risk management by the GIA which submits its reports to the AC on a quarterly basis. The GIA also established follow-up review to monitor and to ensure that the recommendations of internal audit are effectively implemented.

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

- The GIA assesses and reports the adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework. The following 5 inter-related COSO components are considered during the assessment:



7. Risk Management

- The Group has in place a risk management framework, Enterprise Risk Management ("ERM") Framework that is modelled after the widely adopted standard ISO31000 Risk Management – Principles and Guidelines to guide the implementation of a consistent risk management practice across the Group by both the Board and the Management. It recognises that risks are inherent in businesses and views them within the context of risk as an opportunity, uncertainty or hazard.

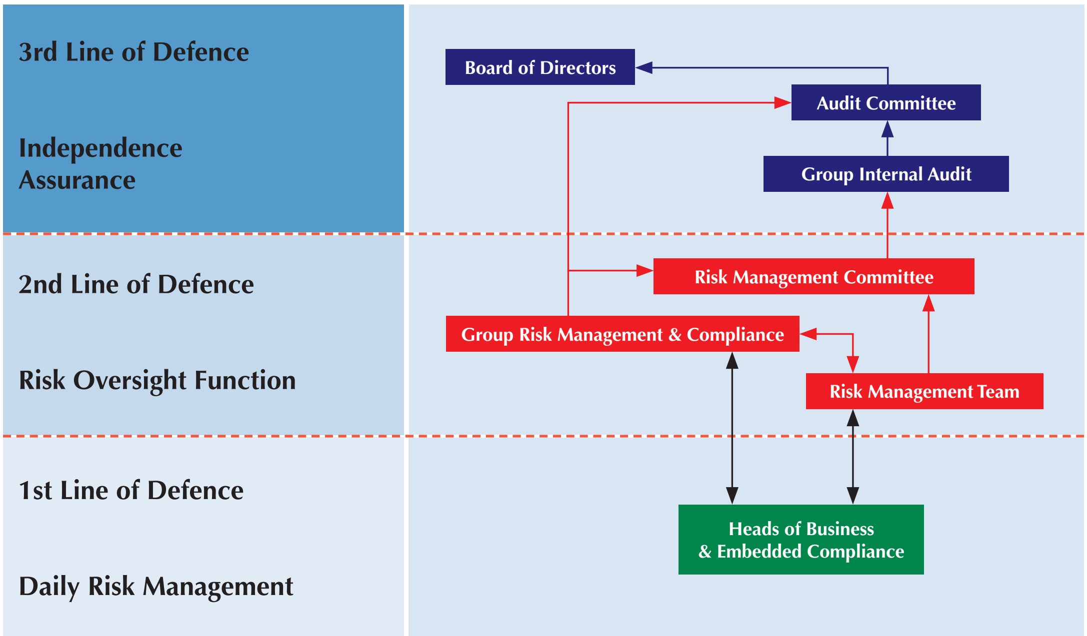
- The ERM Framework provides guidelines on the risk governance, risk management process, risk reporting and generic tools to be used by the Group. The design of the risk governance structure therein is premised on 3 lines of defence concept with clear functional responsibilities and accountabilities for the management of risk:

  – The first line of defence under the framework is found at the KOCs level where the Head of each KOC assumes the overall accountability for the respective KOC's risk management implementation. Each KOC's Heads of department would provide support to the Head of KOC and supervision of risk management practices in key processes under their respective areas of responsibilities. The Heads of KOC, in their half-yearly updates and reporting of respective CPS and Corporate Risk Scorecard ("CRS"), provided confirmation that the risk management process with regard to identification of material issues together with relevant controls and management actions have been adequately complied with.

  – The second line of defence provides oversight function via the establishment and roles vested in the KOC's Risk Management Team ("RMT") and Risk Management Committee ("RMC") both of which are supported by the Group Risk Management and Compliance ("GRC") department. The RMTs establish their strategy roadmap for every financial year via the CPS and identified, analysed and reported risks to the RMC and AC via the CRS. The GRC provides the reporting templates, updated tools, maintenance of Q-Radar system and facilitation or review of KOC's scorecards development or updates with KOCs' risk representatives. The RMC receives and reviews the scorecards reports from KOCs together with the AC.

  – The third line of defence is realised through the provision of objective and independent challenge by GIA with regard to the level of assurance as provided by business operations and oversight functions. The Board, through the deliberations and recommendations of the AC, sets the overall risk appetite for the Group.

- The risk management organisational structure adopted by the Group is illustrated as follows:



- The Group employs a Risk Universe Listing to facilitate identification of risk across 4 risk themes which are Strategic, Business, Financial and Operational as shown in the illustration below:

RISK UNIVERSE

- Most KOCs of the Group have set risk tolerance ranges, either qualitative or semi-quantitative, for selected result areas via a self-defined risk impact severity table. Such table is referred to together with a risk matrix which provides measurement scales on possibility of risk occurrence and impact. The use of these tools facilitates the measurement of each risk analysed and evaluated at 3 different levels; Inherent, Nett and Target, thereby enabling the RMTs to focus more on the management of high risk areas in line with their risk tolerance.

8. Compliance Management

- Half-yearly Compliance Risk Self-Assessment (CRSA) exercises with mitigations identified to address breaches or material non-compliances.

- Joint review of existing operational practices and selected policies or procedures for possible and appropriate control enhancements. Such exercises may result in revision of relevant policies or procedures, new policies or procedures, introduction of control tools such as standard templates/forms and even development of special purpose automated process.

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

9. Safety and Crisis Management

- Establishment of an action plan in the Group's Human Resource – Occupational Safety and Health Act (HR-OSHA) Manual & Guidelines to handle any emergency or crisis covering fire, blackout, bomb threat, earthquake, civil disorder, amongst others, to ensure disaster recovery and business continuity.

  The department stores under the Group also join in the yearly fire drill exercises organised by the various mall management.

- With the ongoing challenges posed by the COVID-19 pandemic, the Group continues to ensure a safe and healthy workplace for all employees and other stakeholders namely, customers, suppliers, business associates and the general public who visit our department stores.

  The following preventive measures have been implemented:

  (i) Standard Operating Procedures ("SOPs") on safe work procedures communicated to all employees;

  (ii) Established Emergency Response Team (ERT) with SOPs and equipped with full personal protective equipment (PPE) sets to handle COVID-19 cases;

  (iii) SOPs for working at and undertaking construction/renovation works; and

  (iv) Department stores comply with all SOPs stipulated by the National Security Council (MKN), i.e. provide MySejahtera check-in and manual registration, body temperature scanner, hand sanitisers, face mask, social distancing, sanitising at high contact points, etc.

- Parkson Corporation Sdn Bhd had collaborated with the Government's COVID-19 Immunisation Task Force (CITF) to boost the national COVID-19 vaccine rollout. The Customer Service Counter at all 40 Parkson stores had provided assistance to the public to download the MySejahtera application and/or to register for the vaccination via the application. Special booths had been set up at 20 Parkson stores in the Central, Northern, Southern and Eastern zones as well as Sabah and Sarawak, to provide educational materials on COVID-19 vaccine and to help with the MySejahtera download and vaccine sign-ups.

- At the Group level, there is an Issue Management and Communication Policy and process established under the Corporate Communications Function to guide the handling of communications, internal and external, in the event of any issue/crisis/disaster.

10. Information and Communication Technology/Management Information System

- A quarterly IT Steering Committee meeting is held where all IT Managers from various operating companies meet. It is a platform which enables collaboration among the operating companies, sharing of experiences and consolidation of standard IT platforms.

- A set of Group IT Policies and Guidelines is in place to govern the operations of IT within the Group. Due to the diversity of businesses, each operating company has its own set of IT Policy adopting the standard Group IT Policy wherever possible and adding policies that are peculiar to the business they are in.

- The Group Human Resources Management System runs off a cloud infrastructure where a single system is used across the Lion Group of Companies. Cloud infrastructure is hosted offsite to protect the sensitivity of data and is supported by a hot Disaster Recovery site to enable quick recovery of data in the event of any unforeseen incident. An annual Disaster Recovery test is carried out to ensure service quality as per agreed service level agreement.

- As part of Lion Group's Cyber Security strategy to mitigate cyber security risks and threats, Group IT and Group Learning & Development have initiated Cyber-security Awareness Training to educate employees with the objective of safeguarding our businesses and employees.

11. Insurance

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

- A yearly exercise to ensure the adequacy and renewal of the Group's Directors' and Officers' Liability insurance.

12. Whistle-Blowing

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

- The oversight by the Board and its engagement with the Management in the handling of reported wrongdoings are also set out in the Integrity & Fraud Risk Policy.

Risk Management Process

The KOCs' CPS which are prepared every financial year are updated on a half-yearly basis to provide a clear and proper context within which performance-related risks are to be identified, analysed and managed in line with the respective KOCs' strategic direction and business objectives. Key Performance Indicators ("KPI") were assigned to these objectives and their performance were tracked by the KPI owners under the supervision of the Heads of the KOCs.

In establishing a bottom-up reporting of the risk profile of the KOCs, the RMT in the respective KOCs identified possible and actual risks faced by the KOC together with an analysis of the causes, impact and mitigating actions.

The risk owners were responsible to ensure preventative, detective and corrective controls were in place to address these risks. Gaps in controls and continual improvements were implemented through management action plans. This process was executed by the RMTs and documented in the CRS.

The GRC conducted review of the risk profiles, either focusing on specific risk issues or the completeness of the risk assessment process for selected risk profiles. The results of the review were communicated to the administrators of risk scorecards and/or Heads of KOCs for improvement and implementation.

The CPS and CRS were presented by the RMT and RMC to the AC on a half-yearly basis for review on the status of the performance objectives and management action plans implementation. These reviews may result in identification of new risks or re-assessment of reported risks. The AC reviewed significant risks, if any, across the risk themes and guided the KOCs on further mitigations, where required.

The Heads of the KOCs, at the half-yearly reporting, had confirmed that the respective KOC's RMT had reviewed and updated the CPS and CRS with the status of all related material information, controls and management actions and that the risk management process had been complied with and information provided therein fairly reflected the position of the KOC for the period under review.

In all material transactions such as acquisitions and disposals of assets or business and corporate proposals, risks associated with such transactions as analysed by the project team and RMC are presented to the AC and Board for their deliberation and decision making. The AC will review the proposals together with the risks associated therewith after which the Board may approve, decline or modify the proposals in line with the Group's risk appetite and the Group's strategic and business directions.

Conclusion

The Board is of the view that the system of risk management and internal control in place throughout the Group for the year under review, and up to the date of approval of this Statement, is sound and effective, providing reasonable assurance that the structure and operation of controls are appropriate for the Group's operations.

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

Review by External Auditors

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scopes set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial period ended 31 December 2021, and reported to the Board that nothing has come to their attention that has caused them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, Corporate Disclosure Guide and Corporate Governance Guide, nor is the Statement factually inaccurate.

AAPG 3 does not require the External Auditors to consider whether the Statement on Risk Management and Internal Control covers all risks and controls, or to form an opinion on the adequacy and effectiveness of the Group's risk management and internal control system including the assessment and opinion by the Board and the Management thereon. The report from the External Auditors was made solely for, and directed solely to the Board of Directors in connection with their compliance with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and for no other purposes or parties. The External Auditors do not assume responsibility to any person other than the Board in respect of any aspects of this Statement.

AUDIT COMMITTEE REPORT

The Audit Committee of Parkson Holdings Berhad is pleased to present the Audit Committee Report for the 18-month financial period ended 31 December 2021.

COMPOSITION

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

- **Members**

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

  Mr Liew Jee Min @ Chong Jee Min
  (Independent Non-Executive Director)

  Mr Ooi Kim Lai
  (Non-Independent Non-Executive Director)

  The respective profiles of the members are set out under Directors' Profile in the Annual Report.

- **Secretaries**

  The Secretaries of Parkson Holdings Berhad, Ms Lim Kwee Peng and Ms Choo Yoon May, are also Secretaries of the Audit Committee.

MEMBERSHIP

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

None of the members of the Audit Committee was a former partner of the External Auditors of the Group.

MEETINGS AND MINUTES

The Audit Committee shall meet at least 4 times annually and the Chief Internal Auditor ("CIA") and the Chief Accountant shall attend the meetings. Relevant members of Senior Management shall be invited to attend these meetings to assist to clarify matters raised at the meetings. A majority of independent Directors present shall form a quorum. The Audit Committee shall meet with the External Auditors without the executive Board members and Management being present at least twice a year.

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

TERMS OF REFERENCE

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

ACTIVITIES FOR THE FINANCIAL PERIOD

During the financial period under review, 7 Audit Committee Meetings were held at which full attendance were recorded for all the members.

The CIA and the Chief Accountant were also present at all the Meetings. The CIA resigned on his own accord during the reporting period. Pending the appointment of the new CIA, the Chief Auditor of a listed subsidiary of the Company together with a Senior Manager from the Group Management Audit Department ("GMA Department") attended 1 Audit Committee Meeting. The new CIA appointed in October 2021, attended the 2 Audit Committee Meetings held subsequent to his appointment.

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

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

- **Financial Results**

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

  Discussed with Management and External Auditors, and had obtained reasonable assurances that all changes in significant accounting policies had been implemented; applicable accounting standards approved by MASB, provisions of the Companies Act 2016 and requirements under the Listing Requirements had been complied with; significant matters including Key Audit Matters and critical accounting judgements and key sources of estimation uncertainties made by Management had been evaluated by the External Auditors; and impact of new accounting standards for the following financial year, where relevant, had been assessed.

- **Internal Audit**

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

  (b) Reviewed the effectiveness of audit programmes, and the adequacy and suitability of the resource requirements and skill levels of the Internal Auditors for the financial period and assessed the performance of the Internal Audit Function.

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

  Audit approach had been added in areas with weaknesses in control as revealed by the Internal Auditors during their previous annual audit reviews, and areas for critical processes that may be affected by the various phases of Movement Control Order imposed by the Malaysian Government to curb the spread of COVID-19.

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

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

(f) Reviewed the results of investigative audit reports on internal misconduct and irregularities within the Group tabled during the financial period and ensured appropriate remedial actions/measures were taken. Additional internal control components for better control over areas of weaknesses discovered during the investigative audit had been included in the Risk Management and Internal Control – Self-Assessment Questionnaire ("RMIC-SAQ") to ensure that the operating companies level of internal control was adequately assessed and disclosed.

(g) Reviewed the Statement on Risk Management and Internal Control which provided an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the External Auditors is set out on pages 22 to 29 of this Annual Report.

The Audit Committee was satisfied that the system of risk management and internal control in place throughout the Group as described in the Statement on Risk Management and Internal Control, was sound and effective, providing reasonable assurance that the structure and operation of controls were appropriate for the Group's operations. The Audit Committee also acknowledged that implementation measures were continuously being taken to strengthen the system of risk management and internal control so as to safeguard the Group's assets as well as the shareholders' investments, and the interests of other stakeholders.

(h) Reviewed the Group Compliance Framework for the financial period under review with regard to the scope of activities and their progress as set out in the Compliance Program/Work Plan for the financial period.

(i) Approved an annual budget for the Internal Audit Function to effectively carry out its audit plan.

(j) Approved the appointment of the CIA to replace the CIA who resigned on his own accord during the financial period.

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

- **External Audit**

(a) Reviewed and discussed with External Auditors the audit planning memorandum covering the audit objectives and approach, audit plan, key audit areas and relevant technical pronouncements and accounting standards issued by MASB, and regulating requirements applicable to the Group; and the processes and controls in place to ensure effective and efficient financial reporting and disclosures under the financial reporting standards.

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

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

(d) Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the financial period taking into consideration information presented in the External Auditors' Annual Transparency Report, and in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit Committee. The Audit Committee had received from the External Auditors written confirmation on their independence in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) and had in place, rigorous procedures to safeguard their independence.

(e) Having satisfied with the performance and the assessment on the External Auditors' suitability, objectivity and independence, recommended to the Board the re-appointment of the External Auditors and their remuneration.

(f) Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors.

(g) Met with the External Auditors without executive Board members and Management thrice to discuss matters in relation to their review.

- **Compliance Management**

(a) Conformance to Group policies and procedures

Received and reviewed the status and outcomes of the half-yearly Compliance Risk Self-Assessment ("CRSA") exercises which seek to identify gaps in compliance with regard to applicable laws, regulations, codes, guidelines and standards, market/industry best practices and Group policies and procedures, and discussed the adequacy of measures to address such gaps or non-compliance. The CRSA questionnaire sets and declarations were completed by the identified Heads of Business, Finance Officers of the Key Operating Companies ("KOCs"), Group Accountants, Company Secretaries, Group Tax, Group Treasury and Group Corporate Planning.

(b) Reviewed the status of the activities of Group Risk Management and Compliance Department which included:

- Monitoring on a half-yearly basis the scope of activities and status of implementation as driven and coordinated by the Group Risk Management and Compliance as set out in the Compliance Program/ Work Plan for the financial period.

- Developed and carried out the Group Policies and Procedures on Anti-Bribery and Corruption ("ABC") compliance programme including ABC assessment template and questionnaire to determine level of readiness of the corporate liability and Directors' liability of corrupt practices of the Group.

- Developed the questionnaires on "Managing Information Technology and Related Risks" with the objective to among others, understanding and articulating the threat, establishing the types and nature of risks faced, and assessing the Group's capacity to manage and mitigate the risks.

- **Risk Management**

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

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

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

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

- **Related Party Transactions**

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

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

- **Material Transactions**

  Reviewed material transaction undertaken by the Company and ensured that the transaction undertaken was in the best interest of the Group, and recommended the same for approval of the Board.

INTERNAL AUDIT FUNCTION

The Internal Audit Function is undertaken by the GMA Department and is independent from Management of the Company and the function which it audits. Its principal activity is to perform regular and systematic reviews of the system of internal control so as to provide reasonable assurance that such system continues to operate satisfactorily and effectively.

Mr Patrick Lee Chun Lim resigned on his own accord as CIA during the financial period. Subsequent thereto, Mr Wong Poh Tan had been appointed by the Audit Committee as the new CIA. Mr Wong is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Accountant with the Malaysian Institute of Accountants and a professional member of the Institute of Internal Auditors Malaysia with more than 21 years of internal audit and enterprise risk management experience in the field of manufacturing, nourishing products, palm oil, property development, ceramic tiles and, pulp and paper mills.

The purpose, authority and responsibility of the Internal Audit Function as well as the nature of the assurance activities provided by the function are articulated in the Internal Audit Charter approved by the Audit Committee. The Audit Committee is of the opinion that the Internal Audit Function is appropriate to its size and the nature and scope of its activities.

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

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

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

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews
- Adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework
- Areas for critical processes that may be affected under the COVID-19 pandemic

The GMA Department continued to review the compliance aspects of the ABC Policy and its ABC programmes.

The Internal Auditors also established follow-up review to monitor and to ensure that internal audit recommendations are effectively implemented. Significant matters were reported directly to the Audit Committee and Senior Management to ensure improvement and corrective actions are taken.

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

An annual assessment for evaluating the adequacy and effectiveness of the Internal Audit Function was carried out in the financial period.

The Internal Auditors are updated on the improvement and development in internal auditing standards, procedures, techniques, corporate governance and the Listing Requirements through the attendance of seminars and talks organised by the Institute of Internal Auditors Malaysia, the Malaysian Institute of Accountants, Bursa Malaysia Berhad and the Securities Commission Malaysia as well as core competency courses organised by professional training establishments. The Audit Committee was also satisfied that the Internal Audit Function, which is led by the CIA with relevant experience and backed by 5 staff of managerial and executive level who possessed the relevant qualification and experience, had adequate resources to fulfill the internal audit plan for the next financial year.

The Internal Auditors had confirmed that they are free from any relationships or conflicts of interest which could impair their objectivity and independence in their audit assignments.

The total cost incurred in managing the Internal Audit Function of the Group for the financial period was RM643,218.

NOMINATION COMMITTEE

Chairman : Mr Liew Jee Min @ Chong Jee Min
(Independent Non-Executive Director)

Members : Cik Zainab binti Dato' Hj. Mohamed
(Independent Non-Executive Director)

Mr Ooi Kim Lai
(Non-Independent Non-Executive Director)

Terms of Reference :

1. To consider and recommend to the Board, candidates for directorships in the Company.

2. To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and from independent sources.

   In making a recommendation to the Board on the candidate for directorship, the Committee shall consider the broad Fit & Proper and Independence Criteria as set out in the Board Charter.

   The candidate for an independent non-executive Director should be a person of calibre, credibility and have the necessary skill and experience to bring an independent judgement to bear on issues considered by the Board.

3. To recommend to the Board, Directors to fill the seats on Board Committees.

4. To assist the Board in reviewing on an annual basis, the composition, the required mix of skills, knowledge, experience, diversity and other qualities, including core competencies which each individual Director including the independent non-executive Director should bring to the Board, to enable the Board to function effectively, and strengthen board leadership and oversight of sustainability issues.

5. To establish and implement processes to assess, on an annual basis, the effectiveness of the Board as a whole and the committees of the Board; the independence of the independent Directors; the contribution of each individual Director; and the term of office and performance of the Audit Committee and each of its members to determine whether the Audit Committee and its members have carried out their duties in accordance with their Terms of Reference, based on the process and procedure laid out by the Board.

6. To recommend to the Board:

   (a) the re-election of those Directors who are retiring at an annual general meeting ("AGM") of the Company and to put forward their re-election for approval at the AGM; and

   (b) the continued retention of any independent non-executive Director who has served for a cumulative period of more than 9 years as an independent non-executive Director or otherwise. Any retention of an independent Director who has served a cumulative period of 9 years shall be subject to Shareholders' approval in line with the recommendation of the Malaysian Code on Corporate Governance. Notwithstanding, the tenure of an independent Director shall not exceed a cumulative period of more than 12 years.

7. To review the induction and training needs of Directors.

8. To consider other matters as referred to the Committee by the Board from time to time.

NOMINATION COMMITTEE REPORT

The Nomination Committee comprises 3 members, all of whom are non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by Mr Liew Jee Min @ Chong Jee Min who is an independent Director.

Appointment to the Board and the Effectiveness of the Board

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, knowledge, experience and competencies to be appointed to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. As an enhancement to its process, the Nomination Committee may also consider procuring suitable candidates from independent sources, when appropriate and practicable. The Nomination Committee assesses and evaluates on an annual basis the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as individual Directors and Audit Committee members based on the criteria set out by the Board and in accordance with the respective Board Committee's Terms of Reference.

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

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the competencies, expected contributions and diversity representation covering the qualifications, knowledge including financial literacy, industrial experience and expertise, seniority and past achievements, appointment scope, role, commitment level, professionalism and integrity, and the appropriateness and the fulfilment of the Board's desired mix of competencies, age, gender and cultural background which would contribute to the overall desired composition of the Board.

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

Activities of the Nomination Committee for the Financial Period

The Nomination Committee met once since the date of the last Annual Report and all the members attended the Meeting.

The Nomination Committee had carried out the following duties for the financial period in accordance with its Terms of Reference:

(i) Reviewed and enhanced the process and evaluation forms in relation to the annual evaluation of the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors and the contribution of each of the individual Directors and Audit Committee members taking into consideration new and enhanced recommendations under the Malaysian Code on Corporate Governance ("MCCG") and guidance under the updated Corporate Governance Guide (4th Edition).

(ii) Reviewed the Terms of Reference of the Nomination Committee.

(iii) Reviewed and assessed the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the individual Directors based on the broad Fit & Proper and Independence Criteria using a set of quantitative and qualitative performance evaluation forms adopted by the Nomination Committee, and was satisfied (a) that the Board composition in term of size, mix of competencies and diversity representation and the balance between executive, non-executive and independent Directors as per Bursa Malaysia Securities Berhad Main Market Listing Requirements, was adequate and in line with the Group's business operations and needs; (b) with the level of independence of all the independent non-executive Directors and their ability to act in the best interest of the Company; and (c) that the Board as a whole and the Board Committees have discharged their duties and responsibilities effectively at all times.

(iv) Reviewed and discussed the Board composition and in its endeavour to fulfil the recommended practice under the MCCG, recommended that a suitable independent Director be appointed in due course.

(v) Reviewed the departure from the recommended practice under the MCCG of separating the functions of the Chairman and the Managing Director, and considered it appropriate under the present circumstances.

(vi) Reviewed the term of office and performance of the Audit Committee as a whole and each of its members including an assessment of their financial literacy, and assessed and evaluated the effectiveness of the Audit Committee in conducting its activities in accordance with its Terms of Reference, and was satisfied that all members had carried out their duties effectively and were financially literate and able to understand matters under the purview of the Audit Committee including financial reporting process.

(vii) Reviewed the retirement by rotation of Cik Zainab binti Dato' Hj. Mohamed, Mr Liew Jee Min @ Chong Jee Min and Mr Ooi Kim Lai, and having satisfied that they have discharged their duties and responsibilities effectively at all times, recommended their re-election for Board's consideration, which shall be tabled for approval of the Shareholders at the forthcoming 38th Annual General Meeting of the Company ("38th AGM").

(viii) Reviewed the retention of Cik Zainab binti Dato' Hj. Mohamed whose tenure of service as an independent Director has exceeded a cumulative period of 9 years, for Board's recommendation to Shareholders for their approval at the 38th AGM based on the attributes necessary in discharging her role and functions as an independent Director.

(ix) Reviewed the training needs of the Directors and was satisfied that the Directors having attended the relevant training programmes as well as having been updated with market developments and related issues, and apprised on a continuing basis by the Company Secretaries on new and/or revised statutory and regulatory requirements, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge in discharging their duties and role as a Director.

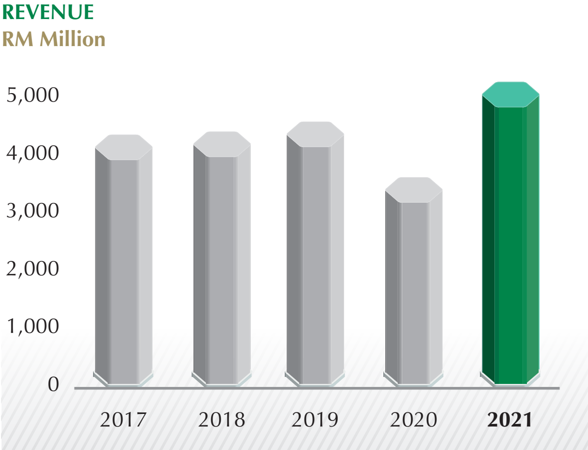
(x) Approved and recommended for Board's consideration the Nomination Committee Report incorporating the Nomination Committee's activities for inclusion in the 2021 Annual Report.

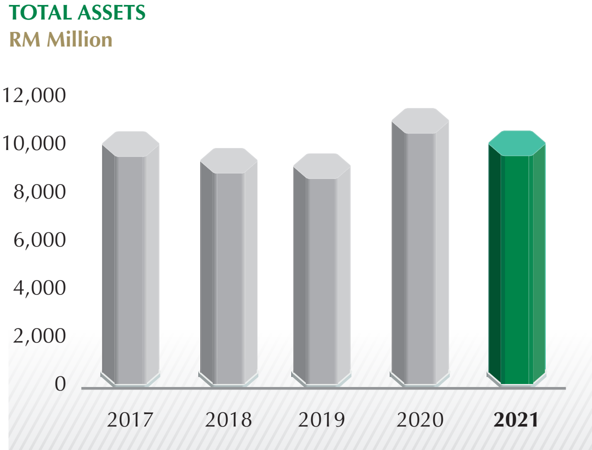
REMUNERATION COMMITTEE

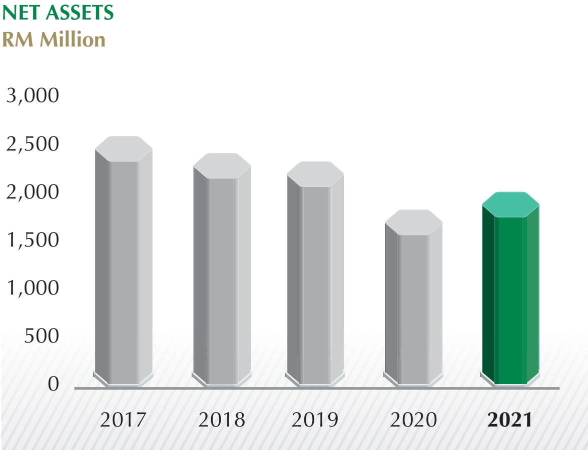
Chairman	:	Mr Liew Jee Min @ Chong Jee Min *(Independent Non-Executive Director)*
Member	:	Cik Zainab binti Dato' Hj. Mohamed *(Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice as necessary • To carry out other responsibilities, functions or assignments as may be defined by the Board from time to time

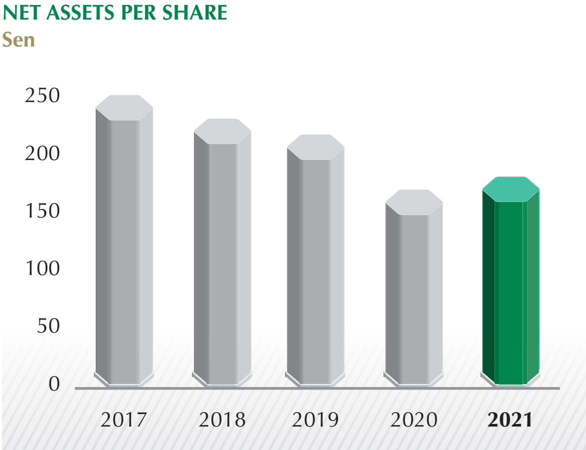
5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years/period		12 months ended 30 June 2017	2018	2019	2020	18 months ended 31 December 2021
Gross sales proceeds	(RM'000)	11,629,182	11,092,191	10,453,601	7,923,499	**11,715,225**
Revenue	(RM'000)	3,964,024	3,981,735	4,032,665	3,251,152	**4,845,309**
Profit/(loss) before tax	(RM'000)	223,952	(82,910)	(24,135)	(552,122)	**(30,596)**
Loss after tax	(RM'000)	(113,411)	(169,757)	(152,268)	(627,248)	**(129,931)**
Net loss attributable to owners of the parent	(RM'000)	(120,898)	(99,439)	(129,184)	(436,354)	**(101,800)**
Total assets	(RM'000)	9,757,145	8,947,503	8,535,916	10,455,546	**9,544,301**
Net assets	(RM'000)	2,391,314	2,233,777	2,046,888	1,586,944	**1,700,651**
Total borrowings	(RM'000)	2,696,761	2,499,339	2,496,668	2,031,366	**1,390,235**
Loss per share	(Sen)	(11.3)	(9.3)	(12.1)	(40.9)	**(9.5)**
Net assets per share	(Sen)	224	209	192	149	**152**









PARKSON NETWORK, AS AT 31 DECEMBER 2021

CHAIRMAN'S STATEMENT

TAN SRI CHENG HENG JEM
Chairman

On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad ("Company" or "Group") for the 18-month financial period ended 31 December 2021.

FINANCIAL PERFORMANCE

The Company had on 4 June 2021, announced that it had changed its financial year end from 30 June to 31 December. Consequently, the current financial statements of the Group and of the Company are for a period of 18 months from 1 July 2020 to 31 December 2021. The comparative information which was prepared for the 12-month period from 1 July 2019 to 30 June 2020, is therefore, not comparable.

The retail industry has been going through a period of prolonged volatility. While factors such as changing consumer behaviour, increasing online shopping habits and challenging economic conditions are changing the way retailers operate, the unavoidable impact of the COVID-19 pandemic has added to the challenges.

Inevitably, people are beginning to adapt to the "new normal" under the pandemic, especially in China. Parkson China, the major contributor of the Group's retailing operations, has shown improvement during the period under review in tandem with the reduced impact from COVID-19, tactical promotional activities, continuous efforts in expanding its income sources and optimising operating efficiencies. At the same time, the Group continues to adopt several cost control measures, such as reducing rental and operating costs, in order to ride through the challenging operating environment and strengthen its position.

During the period under review, our retailing operations in the Southeast Asian region have been affected with a series of lockdowns imposed and shuttered businesses amid the spiralling number of COVID-19 cases. Nevertheless, the Group witnessed a return of strong sales following the reopening of operations towards the final quarter of the reporting period. In the face of these unprecedented challenges, the Group has continuously taken pro-active measures in monitoring and assessing the viability of our stores and ventures, and optimising store productivity.

Under these challenging circumstances, the Group managed to deliver encouraging operating results. For the 18-month period from 1 July 2020 to 31 December 2021, the Group registered a revenue of RM4,820 million with an operating profit of RM482 million.

SIGNIFICANT CORPORATE DEVELOPMENT

During and subsequent to the end of the financial period, the issued share capital of the Company decreased from RM4,151,004,753 to RM2,160,579,753 resulting from the following:

- issuance and allotment of 25,000,000 and 30,000,000 new ordinary shares on 16 December 2021 and 2 March 2022 respectively, which had increased the issued share capital of the Company by a total of RM9,575,000 pursuant to the private placement; and

- reduction of RM2.0 billion of the issued share capital of the Company by the cancellation of the issued share capital which was lost or unrepresented by available assets pursuant to Section 116 of the Companies Act 2016 effective 27 December 2021.

Parkson China

Parkson Malaysia

PROSPECTS

The Group remains positive of the prospects of the retailing operations in **China** despite the repeated COVID-19 outbreaks, as the consumer market adapts to the new normal. The Group will continue to strive to improve consumer experience in order to fully capture potential opportunities provided by the Chinese retail market besides continuing to diversify the income sources, establish online and offline sales channels, and promote long-term sustainable development of its businesses.

On the **Southeast Asian** front, the containment of COVID-19 and inflationary pressures remain a concern. Notwithstanding these, the Group continues to focus its priorities on enhancing product offerings, optimising operational efficiency and productivity, carrying out tactical promotional activities as well as cost control management.

APPRECIATION

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

I also wish to express my deepest appreciation to our health authorities and all the frontliners for their huge sacrifices and tireless efforts to contain the COVID-19 pandemic and keep everyone safe these past 2 years.

I would like to convey my sincere appreciation and gratitude to my fellow Directors for their invaluable guidance, support and contribution throughout the period. Last but not least, I would like to express my heartfelt thanks to our Management and staff for their dedication, commitment and contribution to the Group.

TAN SRI CHENG HENG JEM
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan ini membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad ("Syarikat" atau "Kumpulan") bagi tempoh kewangan 18 bulan berakhir 31 Disember 2021.

PRESTASI KEWANGAN

Pada 4 Jun 2021, Syarikat telah mengumumkan penukaran tahun kewangan yang berakhir pada 30 Jun kepada 31 Disember. Sehubungan itu, penyata kewangan semasa Kumpulan dan Syarikat adalah bagi tempoh 18 bulan, iaitu bermula dari 1 Julai 2020 hingga 31 Disember 2021. Maklumat perbandingan yang disediakan untuk tempoh 12 bulan dari 1 Julai 2019 hingga 30 Jun 2020, dengan itu, tidak boleh dibandingkan.

Industri runcit berdepan dengan satu tempoh ketaktentuan yang berpanjangan. Faktor-faktor seperti perubahan tingkah laku pengguna, peningkatan tabiat membeli-belah secara dalam talian dan keadaan ekonomi yang mencabar turut mengubah cara peruncit beroperasi, namun impak yang tidak dapat dielakkan daripada pandemik COVID-19 menjadikan cabaran semakin hebat.

Ternyata, orang ramai semakin menyesuaikan diri dengan "normal baharu" ketika pandemik terutamanya di China. Parkson China, penyumbang utama operasi runcit Kumpulan, telah menunjukkan prestasi yang lebih baik dalam tempoh kajian seiring dengan impak yang berkurangan daripada COVID-19, aktiviti promosi taktikal, usaha berterusan dalam mengembangkan sumber pendapatan dan mengoptimumkan kecekapan operasi. Pada masa yang sama, Kumpulan terus mengguna pakai beberapa langkah kawalan kos, seperti mengurangkan kos sewa dan operasi, dalam mengharungi persekitaran operasi yang mencabar dan mengukuhkan kedudukannya.

Semasa tempoh kajian, operasi runcit kita di rantau Asia Tenggara telah terjejas akibat beberapa pelaksanaan perintah kawalan pergerakan dan penutupan operasi perniagaan ketika kes COVID-19 mencanak tinggi. Namun begitu, Kumpulan menyaksikan hasil jualan yang kukuh berikutan pembukaan semula operasi menjelang suku akhir tempoh pelaporan. Dalam mendepani cabaran yang pertama seumpamanya, Kumpulan mengambil langkah proaktif secara berterusan untuk memantau dan menilai daya maju gedung dan usaha niaga kita sambil mengoptimumkan produktiviti gedung.

Di sebalik keadaan yang mencabar ini, Kumpulan berjaya mencatat hasil operasi yang memberangsangkan. Bagi tempoh 18 bulan, mulai 1 Julai 2020 hingga 31 Disember 2021, Kumpulan mencatatkan pendapatan sebanyak RM4,820 juta dengan keuntungan operasi sebanyak RM482 juta.

PERKEMBANGAN KETARA DALAM KORPORAT

Semasa dan susulan berakhirnya tempoh kewangan, modal saham terbitan Syarikat berkurang daripada RM4,151,004,753 kepada RM2,160,579,753 berdasarkan perkara berikut:

- terbitan dan peruntukan 25,000,000 dan 30,000,000 saham biasa baharu masing-masing pada 16 Disember 2021 dan 2 Mac 2022, yang telah meningkatkan modal saham terbitan Syarikat berjumlah RM9,575,000 melalui pelaksanaan penempatan persendirian; dan

- pengurangan sebanyak RM2.0 bilion modal saham terbitan Syarikat dengan pembatalan modal saham terbitan yang hilang atau tidak diwakili oleh aset sedia ada mengikut Seksyen 116 Akta Syarikat 2016 berkuat kuasa 27 Disember 2021.

PROSPEK

Kumpulan mengekalkan pandangan yang positif terhadap prospek operasi runcit di **China** walaupun COVID-19 merebak berulang kali, ketika pasaran pengguna menyesuaikan diri dengan kebiasaan atau normal baharu. Kumpulan akan terus berusaha menambah baik pengalaman pengguna bagi merebut sepenuhnya potensi peluang yang disediakan oleh pasaran runcit China di samping terus mempelbagaikan sumber pendapatan, memantapkan saluran jualan secara dalam talian dan luar talian, serta menggalakkan pembangunan mampan jangka panjang perniagaannya.

Di peringkat **Asia Tenggara**, usaha membendung penularan COVID-19 dan tekanan inflasi kekal menjadi satu kebimbangan. Namun begitu, Kumpulan akan terus memberi tumpuan kepada meningkatkan penawaran produk, mengoptimumkan kecekapan operasi dan produktiviti, menjalankan aktiviti promosi taktikal serta pengurusan kawalan kos.

PENGHARGAAN

Bagi pihak Lembaga Pengarah, saya ingin mengucapkan terima kasih dan merakamkan penghargaan tulus ikhlas kepada semua pemegang saham, pelanggan, pembekal, pembiaya, rakan perniagaan dan pihak berkuasa Kerajaan atas sokongan, kerjasama dan keyakinan mereka yang berterusan kepada Kumpulan sepanjang tempoh mencabar ini.

Saya juga ingin merakamkan setinggi-tinggi penghargaan kepada pihak berkuasa kesihatan kita dan semua petugas barisan hadapan atas pengorbanan besar dan usaha gigih mereka untuk membendung pandemik COVID-19 dan memastikan keselamatan kita semua selama 2 tahun ini.

Saya ingin menyampaikan penghargaan tulus ikhlas kepada rakan-rakan Pengarah atas bimbingan, sokongan dan sumbangan yang tidak ternilai sepanjang masa ini. Akhir kata, saya ingin mengucapkan ribuan terima kasih kepada pihak Pengurusan dan warga kerja atas dedikasi, komitmen dan sumbangan mereka kepada Kumpulan.

TAN SRI CHENG HENG JEM
Pengerusi

主席报告

我谨代表董事部，提呈百盛控股公司截至2021年12月31日，为期18个月的年度报告和经审核财务报表。

财务表现

本公司在2021年6月4日宣布，已将其财政年结束日从6月30日更改为12月31日。这样一来，本集团和本公司的现行财务报表是为期18个月，从2020年7月1日至2021年12月31日。因此，从2019年7月1日至2020年6月30日的12个月期间编制的比较信息将不具有可比性。

零售业经历了一段长时间的波动。各种因素，诸如消费者行为的改变，网上购物习惯的增加，以及挑战性的经济条件，都正在改变零售业者的营运方式，而新冠肺炎(“COVID-19”)流行病的肆虐所带来的不可避免的影响，让业者面对更大的挑战。

不可避免的，人们开始适应疫情下的“新常态”，尤其是在中国。本集团零售业务的主要贡献者中国百盛，在受检讨期间内，业务有所改善，配合COVID-19疫情的影响减少，策略性促销活动，继续致力於扩展收入来源，以及优化营运效率。与此同时，本集团继续採纳几项控制成本措施，诸如减少租金成本和营运成本，以便渡过具挑战性的营运环境和加强本身地位。

在受检讨的期间内，由于COVID-19确诊病例不断攀升，我们在东南亚地区的零售业务，受到了一系列封锁和关闭业务的影响。尽管如此，在本财务报告期的最后一个季度，随着业务重新开放，本集团见证到强劲的销售回升。在面对这些前所未有的挑战的情况下，本集团继续採取积极进取的措施，以监督及评估我们的门店和业务的切实可行性，以及优化店面的生产力。

在这些充满挑战的环境下，本集团仍带来令人鼓舞的业绩。从2020年7月1日至2021年12月31日的18个月内，本集团的营业额达到48亿2千万令吉，营运利润4亿8千2百万令吉。

重大的业务发展

在本会计时期期间及之后，由于下列因素，本公司的发行股票资本，从4,151,004,753令吉减少到2,160,579,753令吉:

- 分别在2021年12月16日及2022年3月2日，以私募配售发行25,000,000股以及30,000,000股的新普通股，使本公司的已发行的股票资本总共增加9,575,000令吉；以及

- 根据马来西亚《2016年公司法令》第116条，通过取消已损失或没有可用资产代表的已发行股本，减少公司已发行股本20亿令吉，从2021年12月27日起生效。

Parkson Vietnam

展望

随着消费市场适应新常态，尽管COVID-19不断爆发，本集团仍看好**中国**零售业务的前景。本集团将继续致力于改善消费者经验，以便充分把握中国零售市场所提供的潜在机会；与此同时，继续多元化收入来源，建立线上和线下销售渠道，以及促进业务长期可持续性发展。

在**东南亚**，遏制COVID-19疫情和通货膨胀压力是令人关注的课题。尽管如此，本集团继续把焦点集中在加强产品的接受度，优化营运效率与生产力，推动策略性促销活动，以及进行成本控制管理。

鸣谢

我谨代表董事部，真诚感谢我们所有尊贵的股东，客户，供应商，金融机构，商业伙伴和政府机构，感谢他们在这个充满挑战的时期，继续给予本集团支持，合作及对本集团的信心。

我也要对卫生当局以及所有前线人员，在过去两年中，付出巨大的牺牲和不懈的努力，以遏制Covid-19的传播以及确保每一个人的安全，表达真诚感谢。

我也要真诚感谢董事们，在这期间，提供非常宝贵的指导，支持与贡献。最后，我要真心感谢我们的管理层与职员，对本集团作出奉献、承诺与贡献。

主席
丹斯里锺廷森

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS

The Group is principally engaged in the operation of the "*Parkson*" brand department stores. Its stores offer a wide range of internationally renowned brands of fashion and lifestyle related merchandise in 4 main categories namely, *Fashion & Apparel, Cosmetics & Accessories, Household & Electrical*, and *Groceries & Perishables*, essentially targeting the young and contemporary market segment.

In addition, the Group is also involved in the retailing of fashionable goods, consumer financing business and operation of food and beverage ("F&B") outlets.

The businesses of the Group are spearheaded by Parkson Retail Group Limited ("PRGL"), listed on The Stock Exchange of Hong Kong Limited, which operates 45 retail stores in China; and Parkson Retail Asia Limited, listed on the Singapore Exchange Securities Trading Limited, that operates 40 retail stores in Southeast Asia.

The number of owned and managed stores in each location is as follows:

	Number of Stores	
	As at 31.12.2021	**As at 30.6.2020**
Malaysia	**38**	42
China	**45**	41
Vietnam	**2**	4
Indonesia (#)	**–**	15
	85	102

(#) : The Group had ceased to have control over the subsidiary in Indonesia with effect from 17 May 2021.

OVERVIEW

Consolidated Statement of Profit or Loss	**FPE 2021 (*) (18 months) RM Million**	**FYE 2020 (12 months) RM Million**
Continuing operations		
Gross sales proceeds	**11,609**	7,813
Revenue	**4,820**	3,223
Operating profit	**482**	94
Loss before tax	**(58)**	(520)

Consolidated Statement of Financial Position	**As at 31.12.2021 RM Million**	**As at 30.6.2020 RM Million**
Total assets	**9,544**	10,456
Deposits, cash and bank balances	**1,309**	1,754
Total liabilities	**6,691**	7,832
Total borrowings	**1,390**	2,031
Net assets	**1,701**	1,587

(*) : The Company had changed its financial year end from 30 June to 31 December. Consequently, the current financial statements are for a period of 18 months from 1 July 2020 to 31 December 2021 ("FPE 2021"). The comparative information which was prepared for the 12-month period from 1 July 2019 to 30 June 2020 ("FYE 2020"), is therefore, not comparable.

For the FPE 2021, the Group generated gross sales proceeds of RM11,609 million with a revenue of RM4,820 million. Overall, Parkson China, the major contributor of the Group's retailing operations, has shown improvement in tandem with the reduced impact from COVID-19, tactical promotional activities and continuous efforts in expanding its income sources, while retailing stores in the Southeast Asian region faced challenges brought on by the prolonged COVID-19 pandemic.

Against the backdrop of these challenging operating environments, the Group continued to take pro-active measures in monitoring and assessing the viability of our stores and ventures, besides optimising operating efficiencies and productivity as well as implementing cost rationalisation. These had enabled the Group to register an operating profit of RM482 million for the FPE 2021.

As at 31 December 2021, the Group's total assets decreased by 9% to RM9,544 million with deposits, cash and bank balances standing at RM1,309 million; a reduction of 25% from balances as at 30 June 2020 of RM1,754 million. The lower deposits, cash and bank balances were primarily due to repayment of the Group's borrowings. The Group's net assets stood at RM1,701 million or RM1.52 per share (30.6.2020: RM1,587 million or RM1.49 per share).

REVIEW OF OPERATIONS

Malaysia

	FPE 2021 (18 months)	FYE 2020 (12 months)
Number of stores	**38**	42
Revenue (RM Million)	**720**	705
Segment profit (RM Million)	**65**	5

Our retailing operations have been severely affected by the COVID-19 pandemic with a series of lockdowns imposed including a nationwide movement control order being re-imposed since 1 June 2021 amid the third wave of COVID-19 cases. The operations, however, experienced a return of strong sales following the reopening of operations from 16 August 2021. Notwithstanding the setbacks brought on by the COVID-19 pandemic, our Malaysia retailing operations reported a revenue of RM720 million and remained profitable at RM65 million attributable to continuous efforts in optimising store productivity and implementing cost rationalisation.

On 3 December 2021, *Parkson Pavilion Bukit Jalil*, the second largest Parkson department store in Malaysia after *Parkson Elite Pavilion KL*, opened its doors to serve shoppers. In order to provide shoppers with a more enhanced shopping experience, the store has its own pick-up and drop-off points as well as dedicated lifts with direct access to Parkson. The Group will continue to pursue new location opportunities, and where necessary, undertake closure of stores due to changing market environment. During the current financial period, Parkson Malaysia exited from *Parkson Plaza OUG* in Kuala Lumpur, *Parkson 1st Avenue* in Penang and 3 stores in Johor Bahru, Seremban and Kelantan respectively after due consideration. Parkson Malaysia has 38 stores as at 31 December 2021.

The Group remains hopeful in improving performance going forward and will continue to stay focused on rebuilding its sales and bottom-line while keeping an eye for new opportunities as the market picks up. The Group will continue to improve operating efficiencies in its stores and tap further on the omnichannel approach to achieve sales growth and remain relevant.

China

	FPE 2021 (18 months)	FYE 2020 (12 months)
Number of stores	**45**	41
Revenue (RM Million)	**3,999**	2,369
Segment profit (RM Million)	**426**	123

Parkson China registered a revenue of RM3,999 million for the FPE 2021. Overall, the retailing stores have shown improvement with the reduced impact of the COVID-19 pandemic, tactical promotional activities and continuous efforts in expanding its income sources. The operations reported an operating profit of RM426 million on the back of ongoing efforts in optimising operating efficiencies and cost control measures.

Nevertheless, the occurrence of new variants of the virus had brought uncertainties to the economic environment, causing Chinese consumers to be more cautious in their consumption. Under this challenging and unstable business environment, Parkson China continues to diversify its business by exploring several operational models to increase its income sources to attain sustainable development.

- **Expand retail portfolio of Parkson**

  The Group is focused on enriching its retail portfolio with a flexible and diverse strategy of "Multiple Stores in a City" and "Differentiate Market Positioning" to reach out to more customers at different consumption levels and with diverse consumption habits. This will enable the Group to gain more market share in the long run.

  The Group's *Datong Parkson* store and *Wuzhou Sanqi Parkson* store officially commenced operation in January and September 2021 respectively. *Datong Parkson*, the second Parkson store in Datong City, Shanxi Province, operates as a "department store and shopping mall complex" in order to enhance the retail portfolio of the property; while *Wuzhou Sanqi Parkson*, the Group's fourth store in Guangxi Zhuang Autonomous Region, represents a new cultural landmark integrating office, residence, hotel, F&B, retail and entertainment.

  The upgrading and renovation project of Suzhou Changfa Commercial Building was officially unveiled with a new look of "Parkson Changfa Hui" and commenced trial operation on 31 December 2021. The new landmark, jointly created by Jinjin Changfa Group, a well-known commercial brand in Suzhou City, Jiangsu Province, marks the Group's official entry into the core market of Suzhou City.

  During the period under review, the Group also launched *Guizhou Tongren Parkson* in its effort to further expand its network. Plans are also in the pipeline to open a new store in Yichun City, Jiangxi Province and when it is launched in 2022, will be the Group's third store in Jiangxi Province.

  As at 31 December 2021, the Group has a network coverage of 45 stores across 30 cities in China.

- **Being bold to change and develop diversified business**

  Parkson has been dedicating its efforts to expand its product portfolio to meet the growing consumer needs. In addition, the Group constantly monitors the development trend of the beauty market and launches differentiated product strategies and marketing promotions to raise its brand image and reputation. Parkson's self-operated makeup brands – *Parkson Beauty* and *Play Up*, have become enormously popular among young consumers, as the Group collaborates with several well-known beauty brands to introduce exclusive products in combination with customised service experiences. The Group plans to open a new *Parkson Beauty* store in Wenzhou City, Zhejiang Province in 2022 to further grow its business in the beauty sector.

  In order to meet the needs of modern cities in China, the Group has adjusted and transformed *Sichuan Shishang Parkson* into an "outlet" store. *Sichuan Shishang Parkson Outlet Store* was launched on 31 December 2021 as the Group's first wholly-owned outlet store in China.

The Group has entered into a lease contract for *Fuxingmen North Building* in October 2021 and expects to hand over the premises to the lessee in the first half of 2022. Located in Beijing Financial Street, the Group is confident that this office building will contribute stable recurring rental income to the Group.

- **Keeping pace with the times to combine online and offline consumption**

  The retail industry has entered into a business model that combines online and offline. In order to seize the growth opportunities of online retailing, the Group has promoted the "O2O New Retail Strategy" through online channels such as Parkson's official WeChat account and mobile shopping mini-programs, and launched a number of measures to stimulate consumption to promote the growth of its offline retail business. Meanwhile, the Group continues to identify and seize the opportunities to attract customers to visit Parkson stores to optimise their shopping experience.

Looking ahead, the Group remains positive of the prospects of the retailing operations in China as the consumer market adapts to the new normal. While the requirements of quarantine, social distancing, and travel restrictions have not been relaxed amid the repeated COVID-19 outbreaks, consumers are beginning to regain their inclination to spend in the domestic market. The Group will continue to strive to improve consumer experience in order to fully capture potential opportunities provided by the Chinese retail market besides continuing to diversify its income sources, establish online and offline sales channels, and promote long-term sustainable development of its businesses.

Vietnam

	FPE 2021 (18 months)	**FYE 2020 (12 months)**
Number of stores	**2**	4
Revenue (RM Million)	**6**	6
Segment profit (RM Million)	**27**	7

During the FPE 2021, the Group's retailing stores in Vietnam continued to witness weaker footfall owing to the unprecedented duration of movement restrictions and shuttered businesses following the spiralling number of daily COVID-19 new cases. The operations reported a revenue of RM6 million with a segment profit of RM27 million. Included in the segment profit for the FPE 2021 was income from subleasing of RM37 million (FYE 2020: RM32 million). Excluding this one-off income, the operations would have recorded an operating loss of RM10 million (FYE 2020: RM25 million).

During the period under review, the Group has successfully collaborated with another 2 internationally renowned brands, *Muji and Kohnan*, which opened their respective flagship outlets at *Parkson Saigon Tourist Plaza* after the opening of *Uniqlo* outlet in FYE 2020. At the same time, as the Group continues to take keen measures to monitor and assess the viability of its stores to stay relevant, a store each in Danang and Hai Phong were closed during the period under review; while *Parkson Hung Vuong Plaza* in the Ho Chi Minh City ceased its operations subsequent to the reporting period.

Indonesia

	FPE 2021 (18 months)	FYE 2020 (12 months)
Revenue (RM Million)	**24**	96
Segment loss (RM Million)	**(35)**	(20)

The retailing operations in Indonesia were severely affected by the COVID-19 pandemic. The Group exited the Indonesian market completely during the period under review. The Group had ceased to have control over the subsidiary in Indonesia on 17 May 2021, and accordingly, had ceased to consolidate the subsidiary in the Group's consolidated financial statements effective 17 May 2021.

Others

	FPE 2021 (18 months)	FYE 2020 (12 months)
Revenue (RM Million)	**71**	47
Segment loss (RM Million)	**(2)**	(20)

Results of this Division were mainly derived from the consumer financing business, operation of F&B business and investment holding. For the FPE 2021, the Group's consumer financing business continued to post encouraging revenue and operating profit; whilst the F&B operations had closed certain loss-making outlets.

The Group's consumer financing business carried out by *Parkson Credit* provides credit financial services such as purchasing products via instalment payments, to customers through its financial technology platform. Since its establishment 7 years ago, *Parkson Credit* has grown to be one of the major players in the consumer financing industry with its growing customer base. While the unprecedented changes caused by the pandemic represented opportunities to leverage on innovation and technology to review its business methods, *Parkson Credit* will continue to embark on new opportunities to build better customer experience, services and products that best suit the diverse customers' needs as well as creating a win-win situation for its business partners.

During the FPE 2021, the Group had closed down several loss-making F&B outlets as part of its rationalisation of operations. While the *Hogan Bakery* outlets experienced reduction in footfall due to the COVID-19 pandemic, the operations have managed to improve their operating efficiencies during the FPE 2021. Moving forward, the Group will continue to maximise the productivity of its bakery operations and embrace digital marketplaces to reach out to customers.

SUSTAINABILITY STATEMENT

The Group has embraced the values of corporate responsibility and elements of sustainability management since the early days of its operations. This Sustainability Statement provides an overview of our sustainability practices for the 18-month financial period ended 31 December 2021 ("FPE 2021") in the areas of Environmental, Social and Governance ("ESG") practices. We are committed to monitoring our performance relating to material sustainability issues and making efforts for continuous improvement.

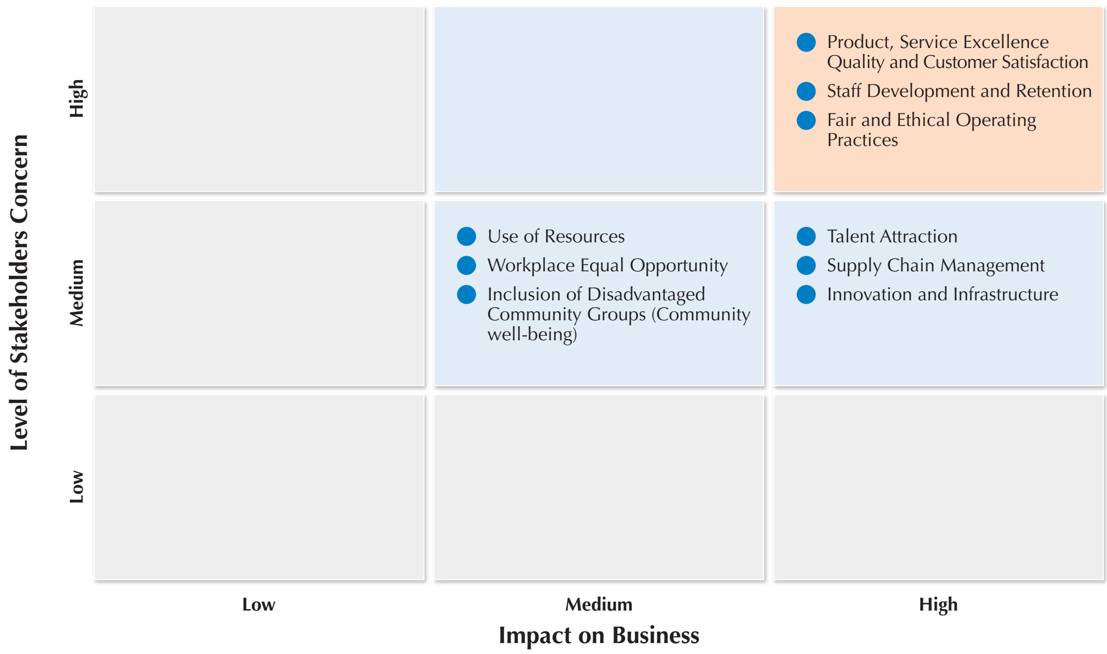
MATERIALITY

We have applied the relevant Global Reporting Initiative ("GRI") Standards to carry out our materiality assessment to identify and prioritise sustainability topics for reporting based on their importance to the organisation and stakeholders.

The assessment yielded 9 material topics, with (i) Product Responsibility and Customer Satisfaction (ii) Talent Management and Capability Building and (iii) Fair and Ethical Operating Practices being the focal points for the Group.

The findings of the assessment have been plotted in the materiality matrix below based on their impact to the Group's business, and against their importance to both internal and external stakeholders.

Group Materiality Matrix



SUMMARY OF ESG MATERIAL TOPICS

For the purpose of the report structure and clarity, the material topics are grouped into key themes and categorised according to our four sustainability pillars of **Environment, Workplace, Community and Marketplace**, corresponding to the ESG framework.

A summary of the Group's ESG impacts, where the impacts occur, our involvement with these impacts and our management approach is presented in the table below. An indirect involvement indicates that the impacts arise outside of the Group, where we may have limited or no control.

Material Topics, Impacts and Management Approach and Goals

Material Topics	Where the Impacts Occur	Our Involvement	Management Approach and Goals
Environment			
Use of Resources (Energy Consumption)	• Electricity used in offices and department stores for our business operations. • Our carbon emissions resulting from the use of electricity.	Direct	• Minimise energy consumption where possible. • Minimise carbon footprint through energy efficiency.
Workplace (Social)			
Talent Attraction	Groupwide	Direct	• Attract the best talent through competitive remuneration package and ongoing professional development.
Staff Development and Retention	Groupwide	Direct	• Practise meritocracy in performance appraisal and reward of staff. • Provide ongoing learning and development opportunities in line with job requirements and career aspirations.
Workplace Equal Opportunity	Groupwide	Direct	• Staff recruitment based on objective criteria regardless of their ethnic background, gender, age, religion, disability or any factors which do not have bearing on job requirements. • Practise meritocracy in staff performance appraisal.
Community (Social)			
Inclusion of Underprivileged Community Groups (Community well-being)	Groupwide	Indirect	• Support community initiatives through charitable giving and fundraising.

Material Topics	Where the Impacts Occur	Our Involvement	Management Approach and Goals
Marketplace (Governance)			
Fair and Ethical Operating Practices	Groupwide	Direct	• Anti-Bribery and Corruption policy • Whistleblower policy
Product, Service Excellence Quality and Customer Satisfaction	Groupwide, department stores, F&B outlets, financial services business and customer touch points	Direct	• Enriching customers' experience • Continuous training for servicing personnel • Proper handling of customers' feedback • Safeguarding customers' privacy • Adhering to food safety regulations • ISO-certified and Syariah-based financing services • Parkson Card loyalty programme
Innovation and Infrastructure	Groupwide	Direct	• Implementation of LionPeople Global HR Information System • Acceptance of eWallet payment. • Implementation of B2B vendor online Portal • Implementation of digital warehousing to improve document storage with stringent integrity to ensure customer information is protected • Implemented various customer digital touchpoints e.g.: Online payment channels; WhatsApp auto-reply; Enhanced website engagement; and Informative digital content • Online payment channels continue to be expanded to encourage customers to migrate to virtual environment to pay instead of physical methods
Supply Chain Management	Groupwide and suppliers/ vendors	Indirect	• Drive responsible business practices across our supply chain through vendor selection process, and vendors' periodic acknowledgement of their commitment to the Group's Vendor Code of Conduct

To elaborate further on our commitment, the Group is carrying out the following measures and activities under the 4 pillars of Environment, Workplace, Community and Marketplace.

ENVIRONMENT

- **Climate Change and Carbon – Energy Conservation**

  The Group is committed to minimising its environmental footprint impact through its energy and carbon reduction initiatives. Our primary environmental footprint stems from electricity consumption, where it is used for lighting and air conditioning in all our offices, department stores and F&B outlets. Minimising our environmental footprint is not only in coherence with our belief of conducting business in a socially responsible manner, it also helps us to reduce our operational costs.

To align with the energy conservation objective, almost 80% of the lightings in our Parkson stores have been converted to light emitting diode ("LED") lights. Compared with conventional lights, LED lights could contribute to 35% to 45% savings in energy consumption [measured in kilowatt hours (kWh)].

In addition to installation of LED lights, other energy conservation initiatives undertaken by the Group include optimising the usage of high energy consumption store equipment (such as auto start/stop elevators and air conditioners) and switching on escalators/air conditioners closer to the commencement of our stores' operating hours, and cultivation of energy-saving habits namely, switching off lights, air conditioners and office equipment when not in use, and promoting use of natural daylight where possible, such as having windows and skylights.

Moving forward, we target to continue rolling out LED lights in the remaining stores, whilst upholding the other conservation initiatives currently in place.

We encourage all employees to adopt the concept of 'Responsible Consumption' by using materials, energy and resources in a sustainable way to minimise the impact to the environment. This includes reducing the amount of energy and water used in our premises, less paper printouts and the use of recycled paper for printing. Efforts to educate employees are ongoing to ensure that everyone adopts the concept of sustainability.

WORKPLACE

The Group recognises that our success depends on our people's commitment in delivering the highest levels of service to our customers. We strive to provide a fair, performance-based working environment that is diverse, inclusive and collaborative. As part of our commitment to maintain our employee diversity, we have an open-door policy with regard to persons with disabilities.

The Group's efforts to attract, develop, motivate and retain its employees are pursued within the ambit of the following strategic focus areas:

- **Talent Attraction**

  We are committed to the principles of equality and non-discrimination, and strive to employ on the basis of merit regardless of gender, age, race, religion, disability or any factors which do have bearing on job requirements. Our sources of talent include recruitment from the open market, whilst the Lion-Parkson Foundation scholarship programme builds a healthy pipeline of talent for our businesses. In attracting external talent, we strive to implement remuneration practices that are externally competitive and internally fair and equitable.

- **Staff Development and Retention**

  The Group provides learning and development ("L&D") opportunities in respect of technical, functional and behavioral competencies for our people in line with their job requirements and career aspirations. These opportunities can be in the form of on-the-job, formal class and online training, and continuing education, so as to better equip them in serving our customers as well as in dealing with other stakeholders.

- **Rewards and Performance**

  We practise meritocracy in assessing our people's performance, and in providing due recognition for their excellence. We have put in place an objective performance appraisal policy which requires all permanent staff to take part in periodic performance assessment. Such regular performance discussions provide opportunities for us to identify development needs of our people, whilst at the same time allow our people to provide upward feedback on their concerns.

- **Safety & Health in the Workplace**

  The safety and health of our employees is vital to our businesses, hence the Group subscribes to the safety, health and environmental regulations with a systematic approach reinforced by constant training and monitoring to ensure the safety and wellbeing of our employees. Workplace incidents are taken seriously; they are investigated and appropriate actions taken to prevent recurrence.

In compliance with legal requirements such as the Occupational Safety and Health Act, Factories and Machineries Act and related regulations, we have in place our Safety and Health Policy and Guidelines. Compliance with the safe work practices stated in these guidelines is the primary responsibility of all employees, consignors and their promoters, contractors and consultants performing their duties at our premises. Safety campaigns are held to remind and refresh the staff on safety awareness and related issues with training conducted for staff on the use of fire extinguishers, first aid i.e. CPR and injury management, and evacuation procedures.

- **Employee Engagement and Wellbeing**

  We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town-halls, "lunch & learn", festive open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees leading to a healthy work-life balance which proves to be an important factor for recruitment and retention of employees. However, such physical interactions have been halted during this period in view of the COVID-19 pandemic.

  The Group is in constant engagement with the various ministries and abide fully to the latest SOP guidelines issued by the Ministry of Health ("MoH"). We have put in place various precautionary measures recommended by MoH, which include strict site protocols for hygiene and social distancing; cleaning and disinfecting workplaces; temperature screening and contact tracing record at all entrances; providing face masks to employees as well as hand sanitisers to employees and visitors to our offices and premises. We have also reduced non-essential travel and meetings are mainly conducted via video conferencing technology.

  Parkson Credit's cloud-architecture work environment allows employees to seamlessly work from home ("WFH") with minimal disruption to its operations. Throughout the WFH period, the Company is able to minimise employees' chances of being exposed to the virus externally.

  The Group has started to utilise online platforms and organise Bite-sized Learning Sessions with topics that are short and impactful, based on issues affecting the current business environment, and received positive feedback on the usefulness of information shared during these sessions.

COMMUNITY

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 FPE2021, the Foundation awarded scholarships worth RM10,000 per annum to 22 students based on their academic performance, extra-curricular activities and leadership qualities. Todate, 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.

As of 31 December 2021, 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, and medical equipment for hospitals 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.

Other CSR Initiaves

Parkson joined in the COVID-19 Immunisation Task Force established 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.

CSR activities are an annual affair at Parkson Credit. On 15 August 2020, it held its charity campaign which saw a donation of RM28,300 in cash as well as household supplies made to the Home for Handicapped & Mentally Disabled Children in Banting.

In the same vein, Parkson Credit has established the 'i-Tolong' support channel which caters to customers facing COVID-19 related difficulties throughout the pandemic period. The support channel also assisted customers whose motorcycles were damaged by flood waters during the floods in several states in late December 2021.

MARKETPLACE

COVID-19 has impacted business operations, suppliers and customers in their contractual obligations due to physical restrictions or financial difficulties. We have taken proactive steps to address the risks of COVID-19 in a way that mitigates adverse impact on our supply chain, and initiated meetings and negotiations with key stakeholders to mutually resolve any issues that may arise.

We are committed to upholding ethical and responsible marketplace practices by practising transparent business conduct and operating our business with integrity and a commitment to excellence to improve our competitiveness and foster long-term relations with our stakeholders.

(i) Customer Satisfaction And Experience

In today's highly competitive retail market, it is imperative for us to provide the best value and experience to our customers while they shop at Parkson. To achieve this, we have implemented, *inter alia*, the following:

- **Product Responsibility**

  Parkson being a true-blue Malaysian brand and household name for over 30 years has a responsibility to its customers to ensure that all merchandise carried by its stores fulfil customers' expectations. Hence, the Group places high priority on the quality of the products offered to its customers and ensures that its suppliers share the same philosophy.

Our F&B businesses adhere strictly to the Food Safety Management Policy to manage food safety in the operations of our F&B stores and the Standard Operating Procedures ("SOPs") laid down by our brands' overseas Principals which have very stringent food safety policies.

The Group's financial services business under Parkson Credit provides hire purchase and credit sale financing to customers for purchase of motorcycles and household appliances; as well as offering money lending services. Parkson Credit is ISO-certified and Syariah-compliant and in conducting its business operations, adopts responsible financing best practices and is committed to providing affordable and quality financial services in line with its corporate values and within the regulatory framework. Its risk management function is in place to oversight the credit and business risks with its business model and credit policies based on regulatory guidelines, risk experience and management know-how.

- **System Efficiency**

  We strive to achieve the highest efficiency in our business operating systems and technology to support our daily business activities across all regions. We leverage on technology to connect with our subsidiaries, business partners and customers through online conferencing, emails, mobile and web-based communications.

  The COVID-19 pandemic has changed our working environment and approach whereby we have emphasised more on cloud computing, mobile technology and secure virtual network to enable the business to perform remotely without interruption during lockdown restrictions.

  As part of our overall strategy to create a solid cyber security culture and keep up with advancing cyber threats, it is mandatory for all employees to undergo and complete e-learning on cyber security with a self-assessment on their level of understanding on the matter. We also regularly organise awareness programmes to ensure that all employees are aware and updated on emerging risks that may compromise our business and IT systems.

- **Supply Chain Management**

  The Group incorporates sustainability considerations such as fair labour practices and safety requirements in our vendor selection process. Subsequently, all our registered vendors are required to acknowledge their commitment to the Vendor Code of Conduct periodically. The Vendor Code of Conduct serves to inform our vendors of their role and contribution as a key business partner and on the need to comply with all rules and regulations including health, safety and labour standards, avoid conflict of interest, conserve the environment, and notify the Group of any breaches or non-conformance. We believe local sourcing of products and services from within the country as far as possible, is vital as it brings many advantages including lower costs, timely delivery and invigorating the economy.

- **Parkson Card Loyalty Programme**

  Our Parkson Card loyalty programme has enabled us to devise targeted promotions and events catering to the preference of our members. In addition, Parkson Card is accepted in all countries where we have operations, and is supported by a wide range of our merchant partners. The cross border benefits that all members enjoy are the discounts ranging from 5% to 6% depending on their membership tiers. As at 31 December 2021, we have a total of 2.2 million Parkson Card members.

  To provide further convenience to members in Malaysia, our Parkson Card mobile application allows members to track their cumulative points balances and spending in Parkson, as well as view offers from Parkson and our merchant partners.

- **Store Visits**

  With the majority of our nation's population having been fully vaccinated and having received their booster dose, we look forward to welcoming requests from students and stakeholders to a tour of our stores to provide them with insights and hands-on experience in the retail industry at the appropriate time.

- **Continuous Training for Servicing Personnel**

  As aforementioned in the Workplace section, we provide L&D opportunities to our people in line with their job requirements. In the case of our frontline servicing personnel, they are required to undergo retraining on customer service basics and product knowledge periodically, and are encouraged to attend other courses such as English language, communication, problem-solving and related subjects.

  These courses will certainly enhance the capabilities of our frontline personnel in delivering a better service to our customers at our stores.

- **Customer Feedback**

  We emphasise on the needs and concerns of our customers, and strive to address them in a timely manner upon receiving customers' feedback from our customer care desk, email, phone calls and social media platforms such as Facebook and WhatsApp.

  In addition, we take proactive measures to identify lapses in our service standards, such as through the deployment of 'Mystery Shopper' in our stores.

- **Customer Privacy**

  As a department store operator with our Parkson Card loyalty programme and financial services provider under Parkson Credit which offers hire purchase and credit sale financing as well as money lending services, we handle significant amount of personal data of our customers, and recognise the importance of protecting the privacy of our customers.

  We continuously strive to ensure the confidentiality and protection of customer and stakeholders' information and documents based on requirements under the Personal Data Protection Act 2010. Information on our vendors, suppliers and customers is strictly private and confidential, and is treated as such at all times.

- **Innovation and Infrastructure**

  The Group continues to embrace technology in its pursuit to better serve its customers as well as to improve its processes, and has implemented LionPeople Global HR Information System to streamline its people management process.

  Among the measures adopted by Parkson are:

  - Acceptance of eWallet payment at selected Parkson stores
  - Implementation of B2B vendor online portal to facilitate vendors' management process

  The entire operations at Parkson Credit are digitalised with continuous uplift of its proprietary business system to serve customers better and to streamline dealers' business processes, including the following:

  - Implementation of digital warehousing to improve document storage with stringent integrity to ensure customer information is protected
  - Implemented various customer digital touchpoints e.g.: Online payment channels; WhatsApp auto-reply; Enhanced website engagement; Informative digital content
  - Online payment channels continue to be expanded to encourage customers to migrate to virtual environment to pay instead of physical methods

(ii) Ethical and Responsible Business Practices

- **Anti-Corruption**

The Group is committed to operating our business with integrity and by adhering to ethical business principles. We maintain zero-tolerance for bribery, fraud and corruption, and have an Anti-Bribery and Corruption Policy ("ABC Policy") which abide by the rules, laws and regulations of the countries we are operating in. This ABC Policy incorporated more comprehensive issues and a robust set of internal standards and procedures to further enhance the Group's core principles in the existing Code of Business Ethics and Conduct ("CoBEC"). Our employees have completed their ABC Policy training, and underwent the compulsory assessment to enhance the effectiveness of the training.

We apprise our employees on the Group's ABC Policy and CoBEC and the need to conduct business at the highest ethical standards. We do not tolerate bribery and corrupt practices or behaviours that may bring disrepute to the Group or its people. Above all, we expect honesty, integrity and respect to be exhibited in our dealings and interactions within and outside the Group. In this regard, we have made it mandatory for our employees at certain grade and above to declare any conflict of interest at least once a year.

We have also put in place the Whistleblower Policy, where we encourage our stakeholders to disclose suspected wrongdoings which may involve or concern our Group's Directors, management, employees, performance, relations with other stakeholders, assets and reputation. Whistleblowers will be accorded protection of their identity unless the disclosure is required by any applicable law.

All concerns may be communicated to the Chief Internal Auditor of the Group via telephone call, mail, email and/or facsimile as follows:

Tel No. : 603-3344 2882 ext. 3900
Email : whistleblower@lion.com.my
Address : Level 12, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan

Our goal in the coming years is to increase awareness on the Group's anti-corruption stance and ethical operating practices among our internal and external stakeholders.

AWARD

Parkson was awarded "Best Domestic Retailer 2020 under the Retail Category" by the Ministry of Domestic Trade and Consumer Affairs on 23 November 2021.

STAKEHOLDER ENGAGEMENT

Stakeholders engagement is imperative in understanding their expectations. We recognise that stakeholder expectation, assessment and feedback are an integral part of our sustainability strategy and initiatives, and we are continuously improving our stakeholder engagement approach via various communication channels.

Stakeholder Group	Stakeholders Expectation	Communication Channel/Platform
Employees	• Learning and development • Respect and recognition • Job satisfaction • Pay and benefits	• Meetings • Training programmes • Internal newsletter • New employee induction programme • Performance appraisals • Staff gatherings and other engagement channels

Stakeholder Group	Stakeholders Expectation	Communication Channel/Platform
Customers	• Price promotion • Convenience and experience • Engaging, knowledgeable personnel • Responsible financing	• Face-to-face interaction through service channels • Communication through Customer Service Department and Corporate Communications Department • Feedback through website, e-mail, social media platform • Sales, promotions, road shows and related events • In-Store information
Suppliers/Vendors	• Long term partnership • Financial resilience • Sustainable business growth • Experienced management team	• Liaison with suppliers before sourcing and engaging with contract managers • Meetings, business alliance events/ meetings • Vendor service/support channel
Shareholders and investors	• Good governance • Sustainable business growth • Disclosure and transparency	• Investor relations channel and meetings • Annual General Meeting • Quarterly reports, Annual Report
Government and regulators	• Regulatory compliance	• Meetings and events
Local communities	• Responsible corporate citizen • Support for social causes	• Activities and sponsorships by the Group and Lion-Parkson Foundation
Media	• Response to media enquiries and requests for interviews • Long term engagement	• Media releases, media statements and interviews • Advertisements • Media invitations and sponsorships
Industry Associations	• Support for mutual interests • Parkson is a member of the Malaysia Retailers Association (MRA), Malaysia Retail Chain Association (MRCA) as well as the Inter Continental Group of Department Stores (IGDS) • Parkson Credit is a member of Credit Sale Companies Association	• Meetings and events

FINANCIAL STATEMENTS

2021

For The Financial Period Ended 31 December 2021

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial period ended 31 December 2021.

Principal activities

The principal activity of the Company is investment holding. The principal activities and other information relating to its subsidiaries are set out in Note 15 to the financial statements.

Change of financial year end

The Company had changed its financial year end from 30 June to 31 December. Consequently, the financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021.

Results

	Group RM'000	Company RM'000
Profit/(loss) for the financial period:		
- Continuing operations	(157,703)	(28,772)
- Discontinued operations	27,772	–
	(129,931)	(28,772)
Loss for the financial period attributable to:		
Owners of the parent	(101,800)	(28,772)
Non-controlling interests	(28,131)	–
	(129,931)	(28,772)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial period were not substantially affected by any item, transaction or event of a material and unusual nature, other than, in respect of the Group, effect on deconsolidation of a subsidiary amounting to RM42,153,000, write down of liabilities relating to a subsidiary in bankruptcy amounting to RM166,233,000, impairment losses on property, plant and equipment, an investment property, right-of-use assets, intangible assets and receivables amounting to a total of RM249,023,000, and in respect of the Company, impairment loss on amounts due from subsidiaries amounting to RM27,329,000.

Dividend

No dividend has been declared or paid by the Company since the end of the previous financial year. The Directors do not recommend any payment of dividend in respect of the current financial period.

Issues of shares and debentures

During the financial period ended 31 December 2021, the issued share capital of the Company decreased from RM4,151,004,753 to RM2,155,629,753 resulting from the following:

(i) issuance and allotment of 25,000,000 new ordinary shares at RM0.185 per share for cash on 16 December 2021, which had increased the issued share capital of the Company by RM4,625,000 pursuant to the first tranche of the private placement ("First Tranche Placement") as disclosed in Note 42(i) to the financial statements; and

(ii) reduction of RM2.0 billion of the issued share capital of the Company by the cancellation of the issued share capital which was lost or unrepresented by available assets pursuant to Section 116 of the Companies Act 2016 effective 27 December 2021 as disclosed in Note 42(ii) to the financial statements.

Subsequent to the financial period, the Company had on 2 March 2022 issued and allotted 30,000,000 new ordinary shares at RM0.165 per share for cash which had further increased the issued share capital of the Company by RM4,950,000 from RM2,155,629,753 to RM2,160,579,753 pursuant to the second tranche of the private placement ("Second Tranche Placement") as disclosed in Note 43(i) to the financial statements.

As at the date of this report, the total number of issued shares of the Company after the First Tranche Placement and the Second Tranche Placement were 1,148,902,050 ordinary shares.

The new ordinary shares issued during and subsequent to the financial period ranked *pari passu* in all respects with the then existing ordinary shares of the Company.

Directors

The Directors of the Company in office during the financial period and up to the date of this report are:

Tan Sri Cheng Heng Jem
Cheng Hui Yen, Natalie
Zainab binti Dato' Hj. Mohamed
Liew Jee Min @ Chong Jee Min
Ooi Kim Lai

The directors who held office in the subsidiaries of the Company during the financial period and up to the date of this report are:

Au Chen Sum	
Bernadette Chong Yin Wah	(Appointed on 21 March 2022)
Cai Hao Ying	
Chai Woon Chew	
Chang Chae Young	
Cheng Hui Yen, Natalie	
Cheng Hui Yuen, Vivien	
Cheong Tuck Yee	
Chong Cheng Tong	
Chong Sui Hiong	
Chuah Say Chin	
Da Min	
Dato' Fu Ah Kiow	
Dato' Sri Dr. Hou Kok Chung	
Gui Cheng Hock	

Directors (continued)

The directors who held office in the subsidiaries of the Company during the financial period and up to the date of this report are: (continued)

Haji Mohamad Khalid bin Abdullah	
Hu Da Zhi	
Jin Chun Xu	
Juliana Cheng San San	
Khor Ching Wee	(Appointed on 7 July 2021)
Koong Lin Loong	
Lee Whay Keong	
Li Bing	
Li Cheng	
Liew Yoo Fong	
Loh Chai Hoon	
Low Kim Tuan	
Ma Li	
Michael Chan Foong Wee	
Ng Ho Peng	
Nie Ru Xuan	
Norman Siu Yong Ching Jr	
Ooi Kim Lai	
Poh Wan Chung	
Pong Yuet Yee	
Pun Chi Tung, Melvyn	
Qiu Jian	
Ro Changseok	(Appointed on 20 April 2021)
Sam Chong Keen	(Appointed on 30 October 2020)
Tan Boon Heng	
Tan Kim Kee	
Tan Sri Cheng Heng Jem	
Wang Wing Ying	
Wang Xiu Min	
Xie Hua	
Xiu Jun	
Xu Jing Chao	(Appointed on 6 January 2021)
Yau Ming Kim, Robert	
Yin Zheng Min	(Appointed on 13 November 2020)
Yu KaiYan	
Zhang Pei	
Zhang Zhi Jun	
Zhou Jia	
Huang Li Min	(Resigned with effect from 16 October 2020)
Ng Tiak Soon	(Retired on 30 October 2020)
Yuan Xiao Yu	(Resigned with effect from 13 November 2020)
Zhang Yi Ming	(Resigned with effect from 13 November 2020)
Ko Desmond	(Resigned with effect from 30 November 2020)
Tan Guan Soon	(Resigned with effect from 31 March 2021)

Directors' benefits

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

Since the end of the previous financial year, no Director of the Company has received or become entitled to receive any benefit (other than the benefits included in the aggregate amount of emoluments received or due and receivable by the Directors or the fixed salary of a full time employee of the Company as shown in Note 8(b) to the financial statements) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director and a person connected with the Director of the Company has a substantial financial interest, save and except for any benefit which may be deemed to have arisen by virtue of the transactions between the Company and its related corporations and certain corporations in which a Director and a person connected with the Director of the Company has a substantial interest as disclosed in Note 34 to the financial statements.

Indemnity and insurance for Directors and Officers

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of US$20 million (equivalent to approximately RM83.37 million) against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiaries.

Auditors' indemnity

To the extent permitted by law, the Company has agreed to indemnify its auditors, Grant Thornton Malaysia PLT, as part of the terms of its audit engagement against claims by third parties arising from the audit for an unspecified amount. No payment has been paid to indemnify Grant Thornton Malaysia PLT during or since the financial period.

Directors' remuneration

The Directors' remuneration are disclosed in Note 8 to the financial statements.

Directors' interests

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

	Number of ordinary shares			
	1.7.2020	**Acquired**	**Disposed**	**31.12.2021**
Tan Sri Cheng Heng Jem				
Direct interest	286,923,039	–	–	286,923,039
Deemed interest	341,532,045	–	(1,537,956)	339,994,089
Ooi Kim Lai				
Direct interest	197	–	–	197

Directors' interests (continued)

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

Direct Interest

	Number of ordinary shares			
	1.7.2020	**Acquired**	**Disposed**	**31.12.2021**
Parkson Retail Asia Limited ("PRA")				
Tan Sri Cheng Heng Jem	500,000	–	–	500,000
Cheng Hui Yen, Natalie	50,000	–	–	50,000

Tan Sri Cheng Heng Jem
Deemed Interest

	Number of ordinary shares			
	1.7.2020	**Acquired**	**Disposed**	**31.12.2021**
Parkson Myanmar Investment Company Pte Ltd	2,100,000	–	–	2,100,000
PRA	457,933,300	–	–	457,933,300

	Number of ordinary shares of HK$0.02 each			
	1.7.2020	**Acquired**	**Disposed**	**31.12.2021**
Parkson Retail Group Limited	1,448,270,000	–	–	1,448,270,000

	Currency	**1.7.2020**	**Acquired**	**Disposed**	**31.12.2021**
Investments in the People's Republic of China					
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Lion Food & Beverage Ventures Limited	Rmb	3,640,000	–	–	3,640,000
Qingdao No. 1 Parkson Co Ltd	Rmb	223,796,394	–	–	223,796,394
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	Rmb	10,200,000	–	–	10,200,000

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

Treasury shares

During the financial period ended 31 December 2021, the Company had resold its entire 26,721,880 treasury shares for a total consideration of RM5,984,000 (after deducting transaction costs) in the open market at an average price of approximately RM0.22 per share. The Company did not repurchase its own shares and none of the treasury shares then held by the Company were cancelled during the financial period.

As at the date of this report, the Company did not hold any treasury shares.

Further details are disclosed in Note 25(b) to the financial statements.

Other statutory information

(a) Before the financial statements of the Group and of the Company were made out, the Directors took reasonable steps:

    (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and had satisfied themselves that adequate allowance had been made for doubtful debts and there were no bad debts to be written off; and

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

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

    (i) which would render it necessary to write off any bad debts or the amount of the allowance for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent;

    (ii) which would render the values attributed to the current assets in the financial statements of the Group and of the Company misleading;

    (iii) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate; and

    (iv) not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

(d) In the opinion of the Directors:

    (i) no contingent liability or other liability has become enforceable or is likely to become enforceable which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due although there is a material uncertainty related to the events or conditions that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern as disclosed in Note 2.1 to the financial statements; and

    (ii) there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature which is likely to affect substantially the results of the operations of the Group and of the Company for the current financial period in which this report is made.

Significant events

Significant events are disclosed in Note 42 to the financial statements.

Subsequent events

Subsequent events are disclosed in Note 43 to the financial statements.

Auditors and auditors' remuneration

The auditors, Grant Thornton Malaysia PLT, have expressed their willingness to continue in office.

The auditors' remuneration are disclosed in Note 8 to the financial statements.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 13 April 2022.

TAN SRI CHENG HENG JEM
Chairman and Managing Director

CHENG HUI YEN, NATALIE
Executive Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT 2016

We, Tan Sri Cheng Heng Jem and Cheng Hui Yen, Natalie, being two of the Directors of Parkson Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 77 to 219 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 31 December 2021 and of their financial performance and their cash flows for the financial period then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 13 April 2022.

TAN SRI CHENG HENG JEM
Chairman and Managing Director

CHENG HUI YEN, NATALIE
Executive Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

PURSUANT TO SECTION 251(1)(b) OF THE COMPANIES ACT 2016

I, Liow Swee Kan (MIA member no. 9991), the person primarily responsible for the financial management of Parkson Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 77 to 219 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Liow Swee Kan at
Kuala Lumpur in the Federal Territory
on 13 April 2022.

LIOW SWEE KAN

Before me,

W530
TAN SEOK KETT
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Qualified Opinion

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 31 December 2021 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the 18-month financial period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 77 to 219.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion*, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 December 2021, and of their financial performance and their cash flows for the 18-month financial period then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for Qualified Opinion

<u>*Deconsolidation of PT Tozy Sentosa ("PT Tozy")*</u>

As disclosed in Note 15(a) to the financial statements, the Group had ceased to have control over PT Tozy which is a subsidiary now managed and supervised in accordance with the Bankruptcy Proceedings under the order of the Commercial Court at Central Jakarta District Court, Jakarta, Indonesia ("Commercial Court"). The financial performance, changes in equity and cash flows of the financial statements of PT Tozy were 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 balances

In so far as to the opening balances of PT Tozy are concerned, we were not allowed access to the working papers of preceding auditors and no alternative procedures can be performed as all books and records were in the hands of Receivers. For this reason, we were unable to ascertain whether there are any possible adjustments to be made in respect of the opening balances.

During the financial period from 1 July 2020 to 17 May 2021, the Group made an impairment on the right-of-use assets and property, plant and equipment of PT Tozy to the sum of RM107,831,000 and RM14,107,000 respectively of which we are unable to ascertain the extent to which the impairment made may relate to the prior year and whether the basis of impairment is appropriately applied given the fact that PT Tozy went into debt restructuring in March 2021.

Limitation of scope beyond the control of the Group

The revenue, operating cost and write back of liabilities presented in other income of PT Tozy amounted to RM23,916,000, RM58,685,000 and RM166,233,000 respectively and a gain on deconsolidation of PT Tozy amounted to RM42,153,000 have been recognised in the consolidated statement of profit or loss of the Group during the financial period from 1 July 2020 to 17 May 2021.

The matters as described in the *Opening balances* paragraphs above cause a limitation of scope for which the circumstances are beyond the control of the Group 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 procedures to audit 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.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Basis for Qualified Opinion (continued)

Limitation of scope beyond the control of the Group (continued)

Deconsolidation of PT Tozy Sentosa ("PT Tozy") *(continued)*

Further, as at 17 May 2021, there were certain items in the financial statements of PT Tozy for which we were unable to obtain sufficient appropriate audit evidence:

i. In so far as to the property, plant and equipment of approximately RM42,698,000 as at 17 May 2021, we understand that auctions carried out on 27 January 2022 and 22 March 2022 did not fetch any bidder, the value of RM42,698,000 as provided in the unaudited management accounts was based on net 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 RM4,883,000 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.

iii. The exchange fluctuation reserves of RM3,359,000 arising from the translation of the financial statements of PT Tozy was 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 adjust the loss for the current financial period of PT Tozy and the Group, and the corresponding consolidation adjustment to the gain on deconsolidation of the said subsidiary at the Group level.

Independence and Other Ethical Responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By- Laws") and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 in the financial statements, which indicates that the Group reported a net loss of RM129,931,000 for the financial period ended 31 December 2021, and as of that date, the Group's current liabilities exceeded its current assets by RM1,487,849,000. These events or conditions, along with other matters as set forth in Note 2.1 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. The ability of the Group to continue as going concern is dependent on attaining future profitable operations and conditions as outlined in Note 2.1 to the financial statements. Our opinion is not modified in respect of this matter.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

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 Group and of the Company for the current financial period. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit address the Key Audit Matters
Revenue recognition	
The Group relies on its information technology systems in the accounting for revenue from direct sales and commissions from concessionaire sales. Such information system processes large volumes of data which consists of individually low value transactions. The Group also recognised deferred revenue of RM15,395,000 as at 31 December 2021 in current liabilities in respect of customer loyalty programme. The quantum of deferred revenue recognised at each reporting period requires management's estimates in relation to the historical trends of redemption of customer loyalty points. The aforementioned factors gave rise to higher risk of material misstatements from the perspective of timing of recognition and the amount of revenue to be recognised. Accordingly, we identified revenue recognition to be an area of audit focus as the magnitude and the high volume of transactions may give rise to a higher risk of material misstatements relating to timing and the amount of revenue recognised. The disclosures for revenue and deferred revenue of the Group are included in Notes 4 and 31 respectively to the financial statements.	Our audit procedures included, amongst others: - involved our information technology specialists to test the operating effectiveness of the automated controls of the information technology systems; - tested the information technology dependent manual and manual controls in place to ensure the completeness and accuracy of revenue recognised, including the updating of approved product price changes in the system; - performed procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions; - tested the reconciliation of data between the Point of Sales system and the general ledger to corroborate the completeness of revenue; - assessed the accuracy of deferred revenue recognition using the historical rates of redemption of the customer loyalty points used by management; and - performed cut-off procedures to determine if revenue is recorded in the correct accounting period.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit address the Key Audit Matters
Impairment of property, plant and equipment and right-of-use assets The Group primarily operates retail stores in China, Malaysia and Vietnam, as well as food and beverage stores in Malaysia and China. The Group recognised property, plant and equipment and right-of-use assets with carrying amounts of RM2,113,320,000 and RM2,547,555,000, representing 29% and 35% respectively of non-current assets of the Group as at 31 December 2021. On an annual basis, management is required to assess for indications of impairment to determine if impairment assessment should be carried out. Having considered the loss-making performance of certain stores, management performed impairment testing with respective to the assets of those loss-making department stores. The impairment testing requires management to make assumptions in the underlying cash flow forecasts. The assumptions include expectations for gross margin, growth rates and discount rates, as well as the overall market and economic conditions in the markets. In view of the significance of the amount and the level of judgement exercised by management, we consider this as a key audit matter. The disclosures for property, plant and equipment and right-of-use assets of the Group are included in Notes 11 and 13 respectively to the financial statements.	Our audit procedures included, amongst others: - obtained understanding of the Group's policies and procedures to identify indications of impairment of assets relating to loss-making stores; - examined approved cash flow forecast as well as historical trend analysis; - compared the key assumptions used in the impairment assessments to historical performance, external data reflecting current market conditions and our understanding of the business, in particular gross margin and growth rates used in determining the value in use at each cash-generating units ("CGU") level; - performed sensitivity analysis of the key assumptions to determine if the carrying amount of CGU materially exceeded the recoverable amount; - involved our internal valuation specialists to assist us in evaluating the appropriateness of discount rates, methodologies and assumptions used in the cash flow forecasts; and - assessed the adequacy of disclosures in relation to impairment assessment including those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the assets.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit address the Key Audit Matters
Impairment of goodwill	
The Group has a balance of goodwill of RM1,313,156,000 representing 18% of total non-current assets of the Group. On an annual basis, management is required to perform an impairment assessment of the CGUs to which the goodwill has been allocated. The impairment testing requires management to make assumptions in the underlying cash flow forecasts. The assumptions include expectations for gross margin, growth rates and discount rates, as well as the overall market and economic conditions in the markets. In view of the significance of the amount and the level of judgement exercised by management, we consider this as a key audit matter. The disclosures for goodwill of the Group are included in Note 14 to the financial statements.	Our audit procedures included, amongst others: - obtained understanding of the Group's policies and the relevant internal methodologies applied in determining the CGUs and the recoverable amounts; - examined approved cash flow forecast as well as historical trend analysis; - compared the key assumptions used in the impairment assessments to historical performance, external data reflecting current market conditions and our understanding of the business, in particular gross margin and growth rates used in determining the value in use at each CGU level; - performed sensitivity analysis of the key assumptions and determined if the carrying amount of CGU materially exceeded the recoverable amount; - involved our internal valuation specialists to assist us in evaluating the appropriateness of discount rates, methodologies and assumptions used in the cash flow forecasts; and - assessed the adequacy of disclosures in relation to impairment assessment including those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the assets.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit address the Key Audit Matters
Impairment assessment of interests in subsidiaries (Parent company only)	
The Company has balance of interests in subsidiaries of RM2,648,174,000. On an annual basis, management is required to assess for indications of impairment to determine if impairment assessment should be carried out. The impairment testing requires management to make assumptions in the underlying cash flow forecasts. The assumptions include expectations for gross margin, growth rates and discount rates, as well as the overall market and economic conditions in the markets. In view of the significance of the amount and the level of judgement exercised by management, we consider this as a key audit matter. The disclosures for interests in subsidiaries of the Company are included in Note 15 to the financial statements.	Our audit procedures included, amongst others: - obtained understanding of the Group's policies and procedures to identify indication of impairment of assets relating to loss-making subsidiaries; - examined approved cash flow forecast as well as historical trend analysis; - compared the key assumptions used in the impairment assessments to historical performance, external data reflecting current market conditions and our understanding of the business, in particular gross margin and growth rates used in determining the value in use at each CGU level; - performed sensitivity analysis of the key assumptions and determined if the carrying amount of CGU materially exceeded the recoverable amount; - involved our internal valuation specialists to assist us in evaluating the appropriateness of discount rate, methodologies and assumptions used in the cash flow forecasts; and - assessed the adequacy of disclosures in relation to impairment assessment including those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the assets.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company 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. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the Directors are responsible for assessing the Group's and the Company'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 the Directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 approved standards on auditing in Malaysia and International Standards on Auditing 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.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, 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 of the Group and of the Company, 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 and of the Company's internal control.

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also: (continued)

- Conclude on the appropriateness of the Directors' 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 or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company 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 auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company 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 financial statements of the Group. 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 Group and of the Company for the current financial period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act 2016 in Malaysia, we report that the subsidiaries of which we have not acted as auditors, are disclosed in Note 15 to the financial statements.

OTHER MATTERS

(i) This report is made solely to the members of the Company, as a body, in accordance with section 266 of the Companies Act 2016 in Malaysia and for no other purposes. We do not assume responsibility to any other person for the content of this report.

(ii) The financial statements of the Group and of the Company as at 30 June 2020 were audited by another auditor who expressed an unmodified opinion on those statements, dated 15 October 2020.

GRANT THORNTON MALAYSIA PLT
(201906003682 & LLP0022494-LCA)
Chartered Accountants (AF 0737)

LIAN TIAN KWEE
(No: 02943/05/2023 J)
Chartered Accountant

Kuala Lumpur, Malaysia
13 April 2022

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

		Group		Company	
	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Continuing operations					
Revenue	4	**4,819,858**	3,223,045	**–**	–
Other income	5	**588,844**	292,409	**150**	25
Purchase of goods and changes in inventories		**(2,514,176)**	(1,615,673)	**–**	–
Employee benefits expense	6	**(731,132)**	(522,390)	**(309)**	(643)
Depreciation and amortisation		**(919,407)**	(657,151)	**(2)**	(1)
Promotional and advertising expenses		**(66,470)**	(53,344)	**–**	–
Rental expenses		**(10,365)**	(50,274)	**–**	–
Other expenses	8(d)	**(685,212)**	(522,161)	**(2,895)**	(583,885)
Operating profit/(loss)		**481,940**	94,461	**(3,056)**	(584,504)
Finance income	7	**93,620**	49,039	**1,565**	1,165
Finance costs	7	**(598,349)**	(475,771)	**–**	(163)
Share of results of associates		**7,223**	933	**–**	–
Share of results of joint ventures		**(2,165)**	4,502	**–**	–
Gain on disposal of a property		**–**	26,143	**–**	–
Reversal of impairment loss on amount due from a subsidiary	19	**–**	–	**–**	513
Effect on deconsolidation of a subsidiary	15(a)	**42,153**	–	**–**	–
Write down of liabilities relating to a subsidiary in bankruptcy	15(a)	**166,233**	–	**–**	–
Impairment loss on:					
- Property, plant and equipment		**(67,334)**	(66,606)	**–**	–
- An investment property		**(10,300)**	(18,500)	**–**	–
- Right-of-use assets		**(136,132)**	(132,844)	**–**	–
- Intangible assets		**(25,257)**	(775)	**–**	–
- Amounts due from joint ventures		**(10,000)**	(750)	**–**	(750)
- Amounts due from subsidiaries	19	**–**	–	**(27,329)**	–
Loss before tax	8	**(58,368)**	(520,168)	**(28,820)**	(583,739)
Income tax (expense)/credit	9	**(99,335)**	(75,126)	**48**	(40)
Loss for the financial period/year from continuing operations		**(157,703)**	(595,294)	**(28,772)**	(583,779)
Discontinued operations	33				
Profit/(loss) for the financial period/year from discontinued operations		**27,772**	(31,954)	**–**	–
Loss for the financial period/year from continuing and discontinued operations		**(129,931)**	(627,248)	**(28,772)**	(583,779)

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (continued)

	Note	Group 1.7.2020 to 31.12.2021 RM'000	Group 1.7.2019 to 30.6.2020 RM'000	Company 1.7.2020 to 31.12.2021 RM'000	Company 1.7.2019 to 30.6.2020 RM'000
Loss for the financial period/year attributable to:					
Owners of the parent		**(101,800)**	(436,354)	**(28,772)**	(583,779)
Non-controlling interests	15(d)	**(28,131)**	(190,894)	**–**	–
		(129,931)	(627,248)	**(28,772)**	(583,779)
Basic and diluted earnings/(loss) per share (sen):	10				
Continuing operations		**(11.20)**	(38.86)		
Discontinued operations		**1.75**	(2.03)		
		(9.45)	(40.89)		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Loss for the financial period/year	**(129,931)**	(627,248)	**(28,772)**	(583,779)
<u>**Other comprehensive income/(loss)**</u>				
Item that will not be reclassified to profit or loss:				
Change in fair value of financial assets	**635**	(3,736)	**–**	–
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation	**364,457**	(68,084)	**–**	–
Other comprehensive income/(loss) for the financial period/year, net of tax	**365,092**	(71,820)	**–**	–
Total comprehensive income/(loss) for the financial period/year	**235,161**	(699,068)	**(28,772)**	(583,779)
Total comprehensive income/(loss) for the financial period/year attributable to:				
Owners of the parent	**96,827**	(474,200)	**(28,772)**	(583,779)
Non-controlling interests	**138,334**	(224,868)	**–**	–
	235,161	(699,068)	**(28,772)**	(583,779)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31.12.2021 RM'000	30.6.2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	**2,113,320**	2,147,635
Investment properties	12	**506,399**	375,490
Right-of-use assets	13(a)	**2,547,555**	3,208,857
Intangible assets	14	**1,313,474**	1,263,604
Investments in associates	16	**33,441**	26,599
Investments in joint ventures	17	**9,617**	17,929
Deferred tax assets	18	**200,170**	157,606
Trade receivables	20	**107,196**	71,963
Other receivables	21	**443,977**	454,075
Investment securities	22	**17,331**	16,697
Time deposits	23	**20,404**	377,652
		7,312,884	8,118,107
Current assets			
Inventories	24	**383,872**	360,533
Trade and other receivables	20	**495,215**	410,919
Investment securities	22	**59,345**	142,977
Tax recoverable		**4,110**	5,615
Deposits, cash and bank balances	23	**1,288,875**	1,376,751
		2,231,417	2,296,795
Non-current assets classified as held for sale	11(i)(b)	**–**	40,644
		2,231,417	2,337,439
Total assets		**9,544,301**	10,455,546
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	25	**2,155,630**	4,151,005
Treasury shares	25	**–**	(20,903)
Other reserves	26	**(1,409,122)**	(1,610,686)
Retained profits/(accumulated losses)		**954,143**	(932,472)
		1,700,651	1,586,944
Non-controlling interests	15(d)	**1,153,071**	1,036,942
Total equity		**2,853,722**	2,623,886

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (continued)

	Note	31.12.2021 RM'000	30.6.2020 RM'000
Equity and liabilities (continued)			
Non-current liabilities			
Deferred tax liabilities	18	**136,524**	150,182
Loans and borrowings	27	**67,005**	1,491,164
Long term payables	28	**8,596**	61,981
Provisions	29	**17,285**	23,246
Lease liabilities	13(b)	**2,741,903**	3,434,947
		2,971,313	5,161,520
Current liabilities			
Trade and other payables	30	**1,436,297**	1,177,285
Contract liabilities	31	**419,757**	406,767
Loans and borrowings	27	**1,323,230**	540,202
Provisions	29	**4,321**	4,555
Lease liabilities	13(b)	**508,000**	514,001
Tax payables		**27,661**	27,330
		3,719,266	2,670,140
Total liabilities		**6,690,579**	7,831,660
Total equity and liabilities		**9,544,301**	10,455,546

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

	Note	31.12.2021 RM'000	30.6.2020 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	**5**	7
Intangible assets	14	**28**	28
Interests in subsidiaries	15	**2,648,174**	2,650,249
Amounts due from subsidiaries	19	**15**	8,914
		2,648,222	2,659,198
Current assets			
Trade and other receivables	20	**133**	160
Amounts due from subsidiaries	19	**3,684**	12,082
Deposits, cash and bank balances	23	**3,422**	2,427
		7,239	14,669
Total assets		**2,655,461**	2,673,867
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	25	**2,155,630**	4,151,005
Treasury shares	25	**–**	(20,903)
Other reserves	26	**2,905,831**	2,905,831
Accumulated losses		**(2,410,697)**	(4,367,006)
Total equity		**2,650,764**	2,668,927
Current liabilities			
Trade and other payables	30	**1,507**	1,954
Amounts due to subsidiaries	32	**3,190**	2,986
Total liabilities		**4,697**	4,940
Total equity and liabilities		**2,655,461**	2,673,867

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Attributable to owners of the parent						
	Non-distributable						
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25)	Other reserves RM'000 (Note 26)	Retained profits/ (accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 July 2020	**4,151,005**	**(20,903)**	**(1,610,686)**	**(932,472)**	**1,586,944**	**1,036,942**	**2,623,886**
Total comprehensive income/(loss) for the financial period	**–**	**–**	**198,627**	**(101,800)**	**96,827**	**138,334**	**235,161**
Transactions with owners							
Transfer to capital reserves	**–**	**–**	**2,937**	**(2,937)**	**–**	**–**	**–**
Resale of treasury shares	**–**	**20,903**	**–**	**(14,919)**	**5,984**	**–**	**5,984**
Issue of share capital	**4,625**	**–**	**–**	**–**	**4,625**	**–**	**4,625**
Share capital reduction	**(2,000,000)**	**–**	**–**	**2,000,000**	**–**	**–**	**–**
Dilution of equity interests in a subsidiary	**–**	**–**	**–**	**6,271**	**6,271**	**(6,271)**	**–**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(15,934)**	**(15,934)**
Total transactions with owners	**(1,995,375)**	**20,903**	**2,937**	**1,988,415**	**16,880**	**(22,205)**	**(5,325)**
At 31 December 2021	**2,155,630**	**–**	**(1,409,122)**	**954,143**	**1,700,651**	**1,153,071**	**2,853,722**
At 1 July 2019	4,151,005	(20,903)	(1,573,800)	(495,158)	2,061,144	1,273,131	3,334,275
Total comprehensive loss for the financial year	–	–	(37,846)	(436,354)	(474,200)	(224,868)	(699,068)
Transactions with owners							
Transfer to capital reserves	–	–	960	(960)	–	–	–
Disposal of equity interest in a subsidiary	–	–	–	–	–	(1,098)	(1,098)
Dividends to non-controlling interests	–	–	–	–	–	(10,223)	(10,223)
Total transactions with owners	–	–	960	(960)	–	(11,321)	(11,321)
At 30 June 2020	4,151,005	(20,903)	(1,610,686)	(932,472)	1,586,944	1,036,942	2,623,886

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	← Non-distributable		→		
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25)	Other reserves RM'000 (Note 26)	Accumulated losses RM'000	Total equity RM'000
At 1 July 2020	**4,151,005**	**(20,903)**	**2,905,831**	**(4,367,006)**	**2,668,927**
Total comprehensive loss for the financial period	**–**	**–**	**–**	**(28,772)**	**(28,772)**
Transactions with owners					
Resale of treasury shares	**–**	**20,903**	**–**	**(14,919)**	**5,984**
Issue of share capital	**4,625**	**–**	**–**	**–**	**4,625**
Share capital reduction	**(2,000,000)**	**–**	**–**	**2,000,000**	**–**
Total transactions with owners	**(1,995,375)**	**20,903**	**–**	**1,985,081**	**10,609**
At 31 December 2021	**2,155,630**	**–**	**2,905,831**	**(2,410,697)**	**2,650,764**
At 1 July 2019	4,151,005	(20,903)	2,905,831	(3,783,227)	3,252,706
Total comprehensive loss for the financial year	–	–	–	(583,779)	(583,779)
At 30 June 2020	4,151,005	(20,903)	2,905,831	(4,367,006)	2,668,927

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Cash flows from operating activities				
(Loss)/profit before tax:				
- Continuing operations	**(58,368)**	(520,168)	**(28,820)**	(583,739)
- Discontinued operations	**27,772**	(31,954)	**–**	–
Adjustments for:				
Depreciation and amortisation	**931,362**	670,850	**2**	1
Amortisation of deferred lease income	**–**	(143)	**–**	–
Write off of:				
- Property, plant and equipment	**7,657**	8,246	**–**	–
- Intangible assets	**247**	–	**–**	–
- Bad debts	**–**	259	**–**	–
Impairment loss on interests in subsidiaries	**–**	–	**865**	581,595
Loss on dissolution of a subsidiary	**–**	–	**15**	–
Effect of deconsolidation of a subsidiary	**(42,153)**	–	**–**	–
Write down of liabilities relating to a subsidiary in bankruptcy	**(166,233)**	–	**–**	–
Impairment loss on:				
- Property, plant and equipment	**67,334**	72,031	**–**	–
- An investment property	**10,300**	18,500	**–**	–
- Right-of-use assets	**136,132**	149,680	**–**	–
- Intangible assets	**25,257**	775	**–**	–
- Receivables	**35,168**	25,649	**–**	750
- Amounts due from subsidiaries	**–**	–	**27,329**	–
Write down of inventories	**2,086**	4,547	**–**	–
Reversal of impairment loss on:				
- Property, plant and equipment	**(12,885)**	(7,635)	**–**	–
- Right-of-use assets	**(15,332)**	–	**–**	–
- Receivables	**(270)**	(82)	**(150)**	–
- Amount due from a subsidiary	**–**	–	**–**	(513)
Unrealised foreign currency exchange (gain)/loss	**(4,248)**	7,501	**–**	–
Loss/(gain) on disposal of:				
- Property, plant and equipment	**3,239**	(23,318)	**–**	–
- Non-current assets classified as held for sale	**586**	–	**–**	–
- Subsidiaries	**(197)**	548	**–**	–
Rent concessions related to COVID-19	**(96,253)**	(57,688)	**–**	–
Defined benefit plan	**1,817**	580	**–**	–
Share of results of associates	**(7,223)**	(933)	**–**	–
Share of results of joint ventures	**2,165**	(4,502)	**–**	–
Finance costs	**608,833**	485,529	**–**	163
Finance income	**(93,635)**	(49,303)	**(1,565)**	(1,165)
Dividend income from investment securities	**(1,197)**	(1,708)	**–**	–
Operating profit/(loss) before working capital changes	**1,361,961**	747,261	**(2,324)**	(2,908)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (continued)

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Cash flows from operating activities (continued)				
Operating profit/(loss) before working capital changes, brought forward	**1,361,961**	747,261	**(2,324)**	(2,908)
Changes in working capital:				
Inventories	**(6,826)**	2,490	**–**	–
Receivables	**(86,002)**	(184,974)	**(7,392)**	3,408
Payables	**570**	(285,934)	**(243)**	221
Cash flows generated from/ (used in) operations	**1,269,703**	278,843	**(9,959)**	721
Taxes (paid)/refunded	**(129,941)**	(84,466)	**48**	(40)
Interest paid	**(113,542)**	(118,250)	**–**	(163)
Interest received	**57,417**	53,987	**297**	119
Net cash flows generated from/ (used in) operating activities	**1,083,637**	130,114	**(9,614)**	637
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 11(iv))	**(170,078)**	(123,024)	**–**	–
Additions to investment properties	**(133,322)**	–	**–**	–
Additions to intangible assets	**–**	(120)	**–**	–
Proceeds from disposal of property, plant and equipment	**2,609**	70,873	**–**	–
Proceeds from redemption of an investment security	**–**	3,000	**–**	–
Proceeds from subleases	**73,699**	40,255	**–**	–
Net cash inflow/(outflow) on disposal of equity interest in subsidiaries (Note 15(c))	**39**	(396)	**–**	–
Net cash outflow on deconsolidation of a subsidiary (Note 15(a))	**(1,903)**	–	**–**	–
Proceeds from disposal of non-current assets classified as held for sale	**39,290**	–	**–**	–
Dividends received from:				
- An associate	**219**	59	**–**	–
- A joint venture	**7,399**	9,191	**–**	–
- Investment securities	**83**	2,880	**–**	–
Changes in:				
- Investment securities	**95,224**	172,867	**–**	–
- Deposits with banks	**334,275**	685,183	**–**	–
Net cash flows generated from investing activities	**247,534**	860,768	**–**	–

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (continued)

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Cash flows from financing activities				
Dividends paid to non-controlling interests	**(15,934)**	(10,223)	**–**	–
Proceeds from resale of treasury shares (Note 25(b))	**5,984**	–	**5,984**	–
Issue of share capital (Note 25(a))	**4,625**	–	**4,625**	–
Proceeds from loans and borrowings (Note 27)	**129,991**	2,248,907	**–**	–
Repayment of loans and borrowings (Note 27)	**(710,342)**	(2,726,385)	**–**	–
Payment of lease liabilities	**(988,106)**	(575,257)	**–**	–
Net cash flows (used in)/generated from financing activities	**(1,573,782)**	(1,062,958)	**10,609**	–
Net (decrease)/increase in cash and cash equivalents	**(242,611)**	(72,076)	**995**	637
Effects of changes in exchange rates	**76,442**	4,970	**–**	–
Cash and cash equivalents at beginning of the financial period/year	**973,314**	1,040,420	**2,427**	1,790
Cash and cash equivalents at end of the financial period/year (Note 23)	**807,145**	973,314	**3,422**	2,427

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021

1. CORPORATE INFORMATION

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

The principal activity of the Company is investment holding. The principal activities of its subsidiaries are set out in Note 15. There have been no significant changes in the nature of the principal activities of the Company and of the Group during the financial period.

The Company had changed its financial year end from 30 June to 31 December. Consequently, the financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 13 April 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act 2016 in Malaysia.

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

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

For the financial period ended 31 December 2021, the Group reported a net loss of RM129,931,000 and as of that date, the Group's current liabilities exceeded its current assets by RM1,487,849,000.

The financial statements of the Group and of the Company have been drawn up on the basis of accounting principles applicable to a going concern, the validity of which depends on attaining future profitable operations and the following conditions:

(a) Proposed private placement

Pursuant to the second tranche of the private placement of 30,000,000 new ordinary shares in the Company ("Parkson Shares" or "Shares"), the Company had on 2 March 2022 issued and allotted 30,000,000 new Parkson Shares at RM0.165 per share for cash as disclosed in Note 43(i) which had raised proceeds of RM4,950,000 to the Company for working capital and expenses for private placement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The financial statements of the Group and of the Company have been drawn up on the basis of accounting principles applicable to a going concern, the validity of which depends on attaining future profitable operations and the following conditions: (continued)

(b) Syndicated term loan facility

On 6 December 2021, Parkson Retail Group Limited ("PRGL"), a 54.97% owned subsidiary of the Company, as borrower, entered into a facility agreement with a syndicate of banks, as lenders, in relation to a syndicated term loan facility in an aggregate amount of up to HK$2,700,000,000 (equivalent to approximately RM1,443,420,000) ("Loan Facility"). The Loan Facility has a term of 36 months commencing from the first drawdown date. PRGL had drawn down HK$2,667,600,000 (equivalent to approximately RM1,426,099,000) in January 2022 to repay the existing syndicated loans of HK$2,112,000,000 (equivalent to approximately RM1,129,075,000) and to supplement PRGL's operating cash flows.

(c) Rental income from PRGL

PRGL has entered into a lease contract for one of its investment properties located in Beijing Financial Street with a term of 12 years with annual rental of approximately Rmb250,068,000 (equivalent to approximately RM163,720,000) (inclusive of value-added tax). The property is under assets enhancement and is expected to complete in the first half of 2022 to hand over to the tenant. In the opinion of management, the rental income would contribute to PRGL's operating cash flows in the coming 12 months.

(d) Continuing support from lender

The Group had negotiated with the lender to extend the repayment date to provide continuing support to the Group during this challenging and unprecedented situation. The Group intends to adhere to the repayment date of the loan agreement.

(e) Improvement and rationalisation of its retail business operations in China and Malaysia

The Group continues to focus on the improvement of its retail business operation, including opening new department stores with competitive advantages, closing those non-performing department stores, placing more focus on the fashion and beauty division and improving its "online + offline" sales model. In addition, considering the expected recovery of economy from the normalisation of COVID-19 pandemic, 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, and accordingly, the Group's business performance is expected to recover.

The validity of the going concern assumption of the Group are dependent on the ability of the Group to rationalise the plans above, subject to other factors including but not limited to the general economic conditions in regions which the Group operates in. As the assumptions were made based on conditions prevailing as at the reporting date, actual outcome may differ materially from these assumptions.

In view of the foregoing, the Directors consider that it is appropriate to prepare the financial statements of the Group and of the Company on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded assets, or to the amounts and classification of liabilities that may be necessary.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2020, the Group and the Company adopted the following new and amended MFRSs and Issues Committee Interpretation ("IC Interpretation") mandatory for annual financial periods beginning on or after 1 July 2020.

Description

Amendments to MFRS 2: Share-based Payment

Amendments to MFRS 3: Business Combinations

Amendments to MFRS 3: Definition of a Business

Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources

Amendments to MFRS 14: Regulatory Deferral Accounts

Amendments to MFRS 101: Presentation of Financial Statements

Amendments to MFRS 9, 139 and 7: Interest Rate Benchmark Reform

Amendments to MFRS 101 and 108: Definition of Material

Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors

Amendments to MFRS 134: Interim Financial Reporting

Amendments to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets

Amendments to MFRS 138: Intangible Assets

Amendments to IC Interpretation 12: Service Concession Arrangements

Amendments to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Amendments to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine

Amendments to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration

Amendments to IC Interpretation 132: Intangible Assets - Web Site Costs

The adoption of the above standards and amendments did not result in material impact to the financial statements of the Group and of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

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

Effective for annual periods beginning on or after 1 January 2022
Amendments to MFRS 3 Business Combinations
- Reference to the Conceptual Framework

Amendments to MFRS 116 Property, Plant and Equipment
- Proceeds before Intended Use

Amendments to MFRS 137 Provisions, Contingent Liabilities and Contingent Assets
- Onerous Contracts - Cost of Fulfilling a Contract

Annual Improvements to MFRSs 2018 - 2020

Effective for annual periods beginning on or after 1 January 2023
MFRS 17 Insurance Contracts
Amendments to MFRS 4 Insurance Contracts
- Extension of Temporary Exemption from Applying MFRS 9

Amendments to MFRS 17 Insurance Contracts
Amendments to MFRS 17 - Initial Application of MFRS 17 and MFRS 9
- Comparative Information

Amendments to MFRS 101 Presentation of Financial Statements
- Classification of Liabilities as Current or Non-current

Amendments to MFRS 101 Presentation of Financial Statements
- Disclosure of Accounting Policies

Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Error
- Definition of Accounting Estimates

Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Deferred to a date to be determined by the Malaysian Accounting Standards Board
Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The above standards and amendments are not expected to have a material impact on the financial statements of the Group and of the Company in the period of initial application.

2.4 Basis of consolidation

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation (continued)

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

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

(ii) rights arising from other contractual arrangements; and

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

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. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

2.5 Business combinations and goodwill

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree. If the business combination is achieved in stages, any previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Business combinations and goodwill (continued)

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of MFRS 9: Financial Instruments, is measured at fair value with the changes in fair value recognised in profit or loss in accordance with MFRS 9. Other contingent consideration that is not within the scope of MFRS 9 is measured at fair value at each reporting date with the changes in fair value recognised in profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

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

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

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

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

2.6 Investments in associates and joint ventures

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investments in associates and joint ventures (continued)

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

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

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

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

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

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

2.7 Property, plant and equipment and depreciation

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

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

Buildings	25 - 45 years
Office equipment and vehicles	4 - 10 years
Furniture, fittings and other equipment	1 - 10 years
Renovations	2 - 10 years

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment and depreciation (continued)

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

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

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

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

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at discretion of the Company. A corresponding amount is recognised directly in equity.

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

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

2.9 Investment properties

Investment properties and investment properties under construction (“IPUC”) are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. These investment properties are depreciated to write off the value over the unexpired lease terms ranging from 32 to 42 years (2020: 32 to 42 years). IPUC are not depreciated as they are not yet ready for their intended use.

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

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

2.10 Intangible assets

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Intangible assets (continued)

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

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

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

- **Computer software**

  Computer software of the Group is amortised on a straight-line basis over their estimated useful lives ranging from 5 to 8 years.

- **Club memberships**

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

- **Brands**

  Brands represent supplier exclusive right for sales of goods and services to a chain of outlets by the Group. Brands are amortised on a straight-line basis over their estimated useful lives ranging from 10 to 14 years.

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over their original lease terms which ranges from 42 to 45 years (2020: 42 to 66 years).

2.12 Impairment of non-financial assets

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets (continued)

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

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

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

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

The following assets have specific characteristics for impairment testing:

<u>Goodwill</u>

Goodwill is tested for impairment annually as at 31 December and also when circumstances indicate that the carrying value may be impaired.

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

<u>Intangible assets</u>

Intangible assets with indefinite useful lives are tested for impairment annually as at 31 December either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments

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

(a) Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's and the Company's business model for managing them.

With the exception of trade receivables that do not contain a significant financing component or for which the Group and the Company have applied the practical expedient, the Group and the Company initially measure a financial asset at its fair value plus, transaction costs, in the case of a financial asset not at FVPL.

Trade receivables that do not contain a significant financing component or if the period between performance and payment is 1 year or less under practical expedient of MFRS 15, are measured at the transaction price determined under MFRS 15.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at FVPL, irrespective of the business model.

The Group's and the Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at FVOCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in 4 categories:

(a) financial assets at amortised cost (debt instruments)

(b) financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)

(c) financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)

(d) financial assets at FVPL

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

- **Financial assets at amortised cost**

The Group and the Company measure financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

- **Financial assets at FVOCI (debt instruments)**

The Group and the Company measure debt instruments at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statements of profit or loss and computed in the same manner as how financial assets are measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

- **Financial assets designated at FVOCI (equity instruments)**

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under MFRS 132 Financial Instruments: Presentation, and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are not recycled to profit or loss. Dividends are recognised as other income in the statements of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

- **Financial assets at FVPL**

Financial assets at FVPL include financial assets held for trading. Financial assets held for trading comprise investment securities, derivatives and financial assets acquired principally for the purpose of selling or repurchasing them in the near term.

Subsequent to initial recognition, financial assets at FVPL are measured at fair value. Gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at FVPL do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at FVPL are recognised separately in profit or loss as part of other income or other expense.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in OCI for debt instruments is recognised in profit or loss.

(b) Impairment of financial assets

The expected credit loss ("ECL") model applies to financial assets measured at amortised cost or at FVOCI, irrevocable loan commitments and financial guarantee contracts, which include loan receivables held by the Group.

- **Determining a significant increase in credit risk since initial recognition**

The assessment of significant deterioration since initial recognition is key in establishing the point of switching between the requirement to measure an allowance based on 12-month ECL and one that is based on lifetime ECL. The quantitative and qualitative assessments are required to estimate the significant increase in credit risk by comparing the risk of a default occurring on the financial assets as at the reporting date with the risk of default occurring on the financial assets as at the date of initial recognition. The Group applies a 3-stage approach based on the change in credit quality since initial recognition for loan receivables.

3-stage approach	Stage 1	Stage 2	Stage 3
	Performing	Under-performing	Non-performing
12-month	12-month ECL	Lifetime ECL	Lifetime ECL
Criterion	No significant increase in credit risk	Credit risk increased significantly	Credit-impaired
Interest revenue basis	Gross carrying amount	Gross carrying amount	Net carrying amount

For other financial assets, the Group and the Company apply a simplified approach in calculating ECLs. Under this approach, the Group and the Company do not track changes in credit risks, but instead recognise a loss allowance based on lifetime ECLs at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(b) Impairment of financial assets (continued)

- **ECL measurement**

There are 3 main components to measure ECL: (i) a probability of default model ("PD"); (ii) a loss given default model ("LGD"); and (iii) the exposure at default model ("EAD"). The models are to leverage the Group's existing impairment model and credit risk management process as much as possible and perform the required adjustments to produce the MFRS 9 compliant model.

MFRS 9 does not distinguish between individual assessment and collective assessment. Therefore, the Group has decided to continue measuring the impairment mainly on an individual transaction basis for financial assets that are deemed to be individually significant, and collectively assesses other financial assets according to Group's policy.

The Group considers multiple scenarios based on economic condition when estimating the ECL.

- **Expected life**

Lifetime ECL must be measured over the expected life. This is restricted to the maximum contractual life and takes into account expected prepayment.

- **Financial assets at FVOCI**

The ECLs for financial assets measured at FVOCI do not reduce the carrying amount of these financial assets in the statements of financial position which remains at fair value. Instead, an amount equals to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to profit or loss. The accumulated loss recognised in OCI is recycled to profit and loss upon derecognition of the assets.

- **Forward-looking information**

In the Group's ECL models, the Group considers applicable forward-looking information in the measurement of ECL based on the Group's existing resources.

(c) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, loans and borrowings and payables.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(c) Financial liabilities (continued)

Subsequent measurement

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

- **Financial liabilities at FVPL**

  Financial liabilities at FVPL include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing them in the near term. This category includes derivative financial instruments entered into by the Group and by the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9.

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

- **Financial liabilities at amortised cost**

  After initial recognition, other financial liabilities, including loans and borrowings, are subsequently measured at amortised cost using the EIR method. Gains or losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

  This category generally applies to trade and other payables, lease liabilities, and loans and borrowings. Financial liabilities are classified as current liabilities, except for those having repayment date later than 12 months after the reporting date which are classified as non-current.

Derecognition

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

(d) Offsetting of financial instruments

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

2.14 Cash and cash equivalents

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

Bank overdrafts are shown in current liabilities in the statements of financial position.

For the purpose of the financial position, cash and cash equivalents restricted to be used to settle a liability of 12 months or more after the end of the reporting date are classified as non-current asset.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Inventories

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

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

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

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

2.16 Provisions

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

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

2.17 Borrowing costs

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

2.18 Government grants

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

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

2.19 Current versus non-current classification

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

(i) expected to be realised or intended to be sold or consumed in the normal operating cycle;
(ii) held primarily for the purpose of trading;
(iii) expected to be realised within twelve months after the reporting period; or
(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Current versus non-current classification (continued)

All other assets are classified as non-current.

A liability is classified as current when:

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

The Group and the Company classify all other liabilities as non-current.

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

2.20 Employee benefits

(a) Defined contribution plans

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

(b) Defined benefit plan

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

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

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

2.21 Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Group as a 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 assets representing the right to use the underlying assets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases (continued)

Group as a lessee (continued)

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use 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. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Retail and office premises	2 - 20 years
Furniture, fittings and other equipment	2 - 6 years
Motor vehicles	5 - 7 years

If ownership of the leased asset transfers to the Group by 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 right-of-use assets are also subject to impairment as disclosed in Note 2.12.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease 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 termination of a lease, if the lease term reflects the Group exercising the option to terminate.

The 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 as 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 upon the lease payments 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 lease payments (i.e. a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are disclosed in Note 13(b).

(c) Short term leases and leases of low-value assets

The Group applies the exemption to its short term leases (i.e. those leases that have lease terms of 12 months or less from the commencement date and do not contain a purchase option). It also applies the recognition exemption for leases of low-value assets e.g. leases of office equipment that are considered to be of low value. When the Group enters into a lease in respect of a low-value asset, the Group decides whether to capitalise the lease on a lease-by-lease basis. Lease payments on short term leases and leases of low-value assets are recognised as expenses on a straight-line basis over the lease term.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases (continued)

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income is accounted for on a straight-line basis over the lease terms and is included in revenue in the statements of profit or loss due to its operating nature.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee 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 related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance costs of such leases are charged to the statements of profit or loss so as to provide a constant periodic rate of charge over the lease terms.

When the Group is an intermediate lessor, a sublease is classified as a finance lease or operating lease with reference to the right-of-use asset arising from the head lease. If the head lease is a short term lease to which the Group applies the on-balance sheet recognition exemption, the Group classifies the sublease as an operating lease.

2.22 Foreign currency

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Foreign currency (continued)

(c) Group companies

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

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

2.23 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Company recognise revenue when or as they transfer control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group and the Company transfer control of a good or service over time and, therefore, satisfy a performance obligation and recognise revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's and the Company's performance as the Group and the Company perform;

- the Group's and the Company's performance create or enhance an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or

- the Group's and the Company's performance do not create an asset with an alternative use to the Group and the Company and the Group and the Company have enforceable rights to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group and the Company satisfy the performance obligation at a point in time.

(a) Sale of goods

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

(b) Commissions from concessionaire sales

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

(c) Interest income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Revenue recognition (continued)

(d) Revenue from services

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

(e) Rental income

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

(f) Promotion income and sales commissions

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

(g) Consultancy and management service fees

Revenue from the provision of consultancy and management services is recognised over the scheduled period on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by the Group.

(h) Revenue from customer loyalty award

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

The Group has loyalty points 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 statement of financial position and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

(i) Dividend income

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

(j) Revenue from food and beverage operations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Contract liabilities

A contract liability is the obligation to transfer goods or 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.

2.25 Income taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Income taxes (continued)

(b) Deferred tax (continued)

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

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

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

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

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

2.26 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.27 Ordinary share capital and share issuance expenses

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

Share capital represents the nominal value of shares that have been issued. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.28 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Contingencies

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

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

2.30 Fair value measurement

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

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

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

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

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

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

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

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Related parties

A related party is a person or entity that is related to the Group. A related party transaction is a transfer of resources, services or obligations between the Group and its related party, regardless of whether a price is charged.

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

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

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

- (i) the entity and the Group are members of the same group
- (ii) one entity is an associate or joint venture of the other entity
- (iii) both entities are joint ventures of the same third party
- (iv) an 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 benefits of employees of either the Group or an entity related to the Group
- (vi) the entity is controlled or jointly-controlled by a person identified in (a) above
- (vii) a person identified in (a)(i) above has significant influence over the entity or is a member of the key management personnel of the Group
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

3.1 Judgements made in applying accounting policies

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

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.1 Judgements made in applying accounting policies (continued)

(ii) Determining the lease term of contracts with renewal and termination options – Group as lessee

The Group determines the lease term 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 and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstance that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of commercial properties with shorter non-cancellable period (i.e. three years). The Group typically exercises its option to renew these leases as there will be a significant negative effect on operations if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. The information about the leases is disclosed in Note 13.

3.2 Key sources of estimation uncertainty

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

(i) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. The information of the Group's income taxes is disclosed in Note 9.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(ii) Impairment of receivables

The Group uses a provision matrix to calculate ECLs for loan receivables from credit services segment. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic condition is expected to deteriorate over the next year which can lead to increasing number of defaults, the historical default rates are adjusted. At each reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 20.

For other receivables, the Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is an objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is an objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's receivables at the reporting date are disclosed in Note 20.

(iii) Impairment of goodwill and other intangibles

The Group recognised impairment loss in respect of goodwill and other intangibles when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Goodwill and other intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the CGUs to which goodwill and customer loyalty award are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in assumptions are disclosed in Note 14.

The Group's impairment loss recognised is segregated by segments as follows:

	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Retailing - China	**24,698**	–
Others	**559**	775
	25,257	775

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

The Group has RM1,109,279,000 (30.6.2020: RM1,220,278,000) of unused tax losses and RM20,685,000 (30.6.2020: RM18,680,000) of unabsorbed capital allowances. These losses and capital allowances relate to subsidiaries that have history of losses, not expired and may not be used to offset taxable income elsewhere in the Group.

The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses and capital allowances as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses and capital allowances carried forward at the reporting date.

If the Group was able to recognise all unrecognised deferred tax assets, the profit or loss and the equity would have increased by RM285,810,000 (2020: RM316,932,000). Further details on deferred taxes are disclosed in Note 18.

(v) Impairment of property, plant and equipment and right-of-use assets

The Group recognised impairment loss in respect of renovations, furniture, fittings, other equipment and right-of-use assets when the carrying value of the individual stores, defined as smallest CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. This requires an estimation of the value in use of the individual stores to which the property, plant and equipment and right-of-use assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the individual stores and to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections. Loss making stores in current financial period indicates there is an impairment of property, plant and equipment and right-of-use assets. The carrying amount and impairment loss of the Group's property, plant and equipment and right-of-use assets during the financial period are disclosed in Notes 11 and 13(a) respectively.

The pre-tax discount rates applied to the cash flow projection for Malaysia, China, Vietnam and Indonesia are 8.0% (30.6.2020: 12.1%), 11.0% (30.6.2020: 11.0%), 8.9% (30.6.2020: 17.2%) and Nil (30.6.2020: 19.3%) respectively.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(v) Impairment of property, plant and equipment and right-of-use assets (continued)

The Group's impairment loss recognised is segregated by segments as follows:

	Property, plant and equipment		Right-of-use assets	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Retailing:				
- Malaysia	**14,295**	19,169	**–**	36,079
- China	**28,601**	–	**23,862**	–
- Vietnam	**10,331**	16,432	**4,439**	77,983
- Indonesia	**14,107**	6,883	**107,831**	32,569
Others	**–**	29,547	**–**	3,049
	67,334	72,031	**136,132**	149,680

(vi) Leases - estimating the incremental borrowing rate

The Group uses its incremental borrowing rate ("IBR") to measure lease liabilities as the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating.

(vii) Impairment of interest in subsidiary

The Company determines whether its interest in subsidiary is impaired. This involves an estimation of the value in use of the subsidiary. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the subsidiary, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections up to 5-year period. The carrying amount of the Company's interest in subsidiary recognised at the reporting date is disclosed in Note 15.

(viii) Provisions for restoration costs

The Group makes provision for restoration costs based on the estimated costs to restore the leased areas in the event of relocation. As at 31 December 2021, the Group has the balance of provisions for restoration costs of RM21,606,000 (30.6.2020: RM27,801,000). A 10% difference in the estimated costs to restore the leased areas would result in approximately RM2,161,000 (30.6.2020: RM2,780,000) variance in provisions for restoration costs. Further details on provisions for restoration costs are disclosed in Note 29.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(ix) Allowance for inventory obsolescence and slow-moving inventories

Management reviews the condition of inventories of the Group and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based on primarily the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes allowance for inventory obsolescence and slow-moving items. Management reassesses the estimation by the end of each reporting period. Further details on inventories are disclosed in Note 24.

4. REVENUE

	Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Continuing operations		
Revenue from contracts with customers: (i)		
Sales of goods - direct sales	**2,986,500**	1,961,996
Commissions from concessionaire sales (ii)	**1,357,327**	1,000,257
Food and beverage ("F&B") operations	**7,932**	10,934
Consultancy and management service fees	**27,909**	7,098
	4,379,668	2,980,285
Revenue from other sources:		
Rental income	**377,410**	206,458
Credit services	**61,583**	34,594
Dividend income from investment securities	**1,197**	1,708
	440,190	242,760
	4,819,858	3,223,045
Discontinued operations		
Revenue from contracts with customers: (i)		
Sales of goods - direct sales	**1,510**	3,335
Commissions from concessionaire sales (ii)	**16,836**	19,566
	18,346	22,901
Revenue from other sources:		
Rental income	**7,105**	5,206
	25,451	28,107

4. REVENUE (continued)

(i) Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Sales of goods - direct sales RM'000	Commissions from concessionaire sales RM'000	F&B operations RM'000	Consultancy and management service fees RM'000	Total revenue from contracts with customers RM'000
For the financial period ended 31 December 2021					
Continuing operations					
Geographical market:					
Within Malaysia	**362,391**	**351,734**	**7,932**	**–**	**722,057**
Outside Malaysia	**2,624,109**	**1,005,593**	**–**	**27,909**	**3,657,611**
	2,986,500	**1,357,327**	**7,932**	**27,909**	**4,379,668**
Timing of revenue recognition:					
At a point in time	**2,986,500**	**1,357,327**	**7,932**	**–**	**4,351,759**
Over time	**–**	**–**	**–**	**27,909**	**27,909**
	2,986,500	**1,357,327**	**7,932**	**27,909**	**4,379,668**
Discontinued operations					
Geographical market:					
Outside Malaysia	**1,510**	**16,836**	**–**	**–**	**18,346**
Timing of revenue recognition:					
At a point in time	**1,510**	**16,836**	**–**	**–**	**18,346**

4. REVENUE (continued)

(i) Set out below is the disaggregation of the Group's revenue from contracts with customers: (continued)

	Sales of goods - direct sales RM'000	Commissions from concessionaire sales RM'000	F&B operations RM'000	Consultancy and management service fees RM'000	Total revenue from contracts with customers RM'000
For the financial year ended 30 June 2020					
Continuing operations					
Geographical market:					
Within Malaysia	415,650	277,156	10,934	–	703,740
Outside Malaysia	1,546,346	723,101	–	7,098	2,276,545
	1,961,996	1,000,257	10,934	7,098	2,980,285
Timing of revenue recognition:					
At a point in time	1,961,996	1,000,257	10,934	–	2,973,187
Over time	–	–	–	7,098	7,098
	1,961,996	1,000,257	10,934	7,098	2,980,285
Discontinued operations					
Geographical market:					
Outside Malaysia	3,335	19,566	–	–	22,901
Timing of revenue recognition:					
At a point in time	3,335	19,566	–	–	22,901

4. REVENUE (continued)

(ii) The commissions from concessionaire sales are analysed as follows:

	Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Gross revenue from concessionaire sales		
- Continuing operations	**8,146,284**	5,590,263
- Discontinued operations	**97,795**	101,907
Commissions from concessionaire sales		
- Continuing operations	**1,357,327**	1,000,257
- Discontinued operations	**16,836**	19,566

5. OTHER INCOME

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Continuing operations				
Management fees	**98,600**	62,241	**–**	–
Promotion income	**57,804**	39,154	**–**	–
Administration fees	**117,923**	50,479	**–**	–
Credit card handling fees	**29,466**	20,627	**–**	–
Equipment and display space lease income	**57,756**	33,633	**–**	–
Service fees	**26,087**	13,205	**–**	–
Government grants [(i)]	**7,397**	9,285	**–**	–
Income from subleasing right-of-use assets	**55,550**	35,593	**–**	–
Income from lease modification and lease termination	**63,031**	–	**–**	–
Others	**75,230**	28,192	**150**	25
	588,844	292,409	**150**	25
Discontinued operations				
Income from lease modification and lease termination	**38,250**	–	**–**	–
Others	**3,599**	1,112	**–**	–
	41,849	1,112	**–**	–

(i) Various government grants were provided by the local authorities in the People's Republic of China ("PRC") to reward certain subsidiaries for their contributions to the local economy. During the financial period, additional government grants were granted to relieve the subsidiaries' burdens of their challenges related to COVID-19. There were no unfulfilled conditions or contingencies attached to these government grants.

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Continuing operations				
Wages, salaries and bonuses	**578,564**	408,848	**292**	586
Defined contribution plans	**51,668**	35,222	**–**	48
Defined benefit plan (Note 28(iii))	**1,817**	580	**–**	–
Other staff related expenses	**99,083**	77,740	**17**	9
	731,132	522,390	**309**	643
Discontinued operations				
Wages, salaries and bonuses	**1,596**	1,774	**–**	–
Other staff related expenses	**1,284**	1,446	**–**	–
	2,880	3,220	**–**	–

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM4,780,000 (2020: RM3,005,000) and RM308,000 (2020: RM191,000) respectively as further disclosed in Note 8(b).

7. FINANCE INCOME/COSTS

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Finance income				
Continuing operations				
Interest income on:				
Short term deposits and others	**43,440**	15,650	**70**	58
Amounts due from subsidiaries	**–**	–	**1,495**	1,107
Lease receivables from subleases	**39,743**	22,074	**–**	–
Discount adjustments on rental deposits receivable	**4,499**	4,780	**–**	–
Gain on redemption of financial assets at fair value through profit or loss ("FVPL")	**4,804**	6,535	**–**	–
Change of fair value of financial assets at FVPL	**1,134**	–	**–**	–
	93,620	49,039	**1,565**	1,165
Discontinued operations				
Interest income on:				
Short term deposits and others	**15**	264	**–**	–

7. FINANCE INCOME/COSTS (continued)

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Finance costs				
Continuing operations				
Interest expenses on:				
Term loans and bank loans	**112,737**	137,294	**–**	–
Bank overdrafts and others	**507**	514	**–**	163
Lease liabilities	**484,413**	333,550	**–**	–
Unwinding of discount on:				
Rental deposits payable	**12**	366	**–**	–
Provisions for restoration costs	**680**	1,869	**–**	–
Change of fair value of financial assets at FVPL	**–**	2,178	**–**	–
	598,349	475,771	**–**	163
Discontinued operations				
Interest expenses on:				
Lease liabilities	**10,405**	9,476	**–**	–
Others	**79**	282	**–**	–
	10,484	9,758	**–**	–

8. PROFIT/(LOSS) BEFORE TAX

(a) Profit/(loss) before tax is stated at after charging/(crediting):

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Continuing operations				
Directors' remuneration (Note 8(b))	**5,041**	3,178	**569**	364
Auditors' remuneration:				
- Statutory audit	**2,312**	2,850	**38**	32
- Parkson Retail Group Limited's statutory audit *	**3,373**	2,341	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**251,629**	192,726	**2**	1
- Investment properties	**8,955**	2,462	**–**	–
- Right-of-use assets	**658,070**	461,077	**–**	–
- Intangible assets	**753**	886	**–**	–
Write off of:				
- Property, plant and equipment	**7,657**	8,246	**–**	–
- Intangible assets	**247**	–	**–**	–
- Bad debts	**–**	259	**–**	–
Impairment loss on interests in subsidiaries (Note 15)	**–**	–	**865**	581,595
Loss on dissolution of a subsidiary	**–**	–	**15**	–
Allowance for impairment loss on receivables (Note 20)	**35,168**	25,649	**–**	750
Write down of inventories	**2,086**	4,547	**–**	–
Reversal of impairment loss on:				
- Property, plant and equipment	**(12,885)**	(7,635)	**–**	–
- Right-of-use assets	**(15,332)**	–	**–**	–
- Receivables	**(270)**	(82)	**(150)**	–
Bad debts recovered	**–**	(267)	**–**	–
Foreign currency exchange (gain)/loss, net:				
- Realised	**(7,242)**	22,701	**1**	–
- Unrealised	**(4,248)**	7,501	**–**	–
Loss/(gain) on disposal of:				
- Property, plant and equipment	**5,191**	(23,318)	**–**	–
- Subsidiaries (Note 15(c))	**(197)**	548	**–**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**106,618**	106,343	**–**	–
- Rent concessions related to COVID-19	**(96,253)**	(56,069)	**–**	–

8. **PROFIT/(LOSS) BEFORE TAX** (continued)

(a) Profit/(loss) before tax is stated at after charging/(crediting): (continued)

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Discontinued operations				
Auditors' remuneration:				
- Statutory audit	**52**	55	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**319**	2,169	**–**	–
- Right-of-use assets	**11,636**	11,530	**–**	–
Gain on disposal of property, plant and equipment	**(1,952)**	–	**–**	–
Loss on disposal of non-current assets classified as held for sale	**586**	–	**–**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**3,485**	4,422	**–**	–
- Rent concessions related to COVID-19	**–**	(1,619)	**–**	–

* Relates to statutory audit in respect of financial year ended 31 December in compliance with the requirements of the Hong Kong Companies Ordinance.

(b) The details of remuneration receivable by Directors of the Company during the financial period/year are as follows:

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Continuing operations				
Executive Directors:				
Fees	**371**	282	**112**	75
Salaries and other emoluments	**4,349**	2,690	**196**	116
Pension costs - defined contribution plans	**60**	33	**–**	–
	4,780	3,005	**308**	191
Non-executive Directors:				
Fees	**211**	140	**211**	140
Other emoluments	**50**	33	**50**	33
	261	173	**261**	173
Total Directors' remuneration (Note 8(a))	**5,041**	3,178	**569**	364

8. PROFIT/(LOSS) BEFORE TAX (continued)

(c) The number of Directors of the Company whose total remuneration during the financial period/year fell within the following bands is analysed below:

	Number of Directors			
	Group		Company	
	1.7.2020 to 31.12.2021	**1.7.2019 to 30.6.2020**	**1.7.2020 to 31.12.2021**	**1.7.2019 to 30.6.2020**
Continuing operations				
Executive Directors:				
- RM50,000 and below	**–**	–	**1**	1
- RM150,001 to RM200,000	**–**	–	**–**	1
- RM250,001 to RM300,000	**–**	–	**1**	–
- RM350,001 to RM400,000	**–**	1	**–**	–
- RM650,001 to RM700,000	**1**	–	**–**	–
- RM2,600,001 to RM2,650,000	**–**	1	**–**	–
- RM4,100,001 to RM4,150,000	**1**	–	**–**	–
Non-executive Directors *:				
- RM50,000 and below	**–**	2	**–**	2
- RM50,001 to RM100,000	**3**	2	**3**	2

* 30.6.2020: Including a Director who had resigned with effect from 1 September 2019.

(d) Other expenses of the Group consist mainly of utilities cost, selling and distribution expenses, property management expenses, and general and administrative expenses.

9. INCOME TAX EXPENSE/(CREDIT)

The major components of income tax expense/(credit) in the statements of profit or loss are as follows:

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Continuing operations				
Income tax:				
Malaysian income tax	**13,445**	6,476	**23**	40
Foreign tax	**147,207**	100,590	**–**	–
	160,652	107,066	**23**	40
(Over)/under provision in prior years	**(4,777)**	1,220	**(71)**	–
	155,875	108,286	**(48)**	40
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	**(50,965)**	(37,768)	**–**	–
(Over)/under provision in prior years	**(5,575)**	4,608	**–**	–
	(56,540)	(33,160)	**–**	–
Total income tax expense/(credit)	**99,335**	75,126	**(48)**	40

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

Domestic current income tax is calculated at the statutory tax rate of 24% (2020: 24%) of the estimated assessable profit or loss for the period/year.

Under the PRC income tax law, except for certain preferential treatments available to certain PRC subsidiaries of the Group, the PRC companies are subject to corporate income tax at a rate of 25% (30.6.2020: 25%) on their respective taxable income. As at 31 December 2021, 4 (30.6.2020: 4) PRC entities within the Group were granted preferential corporate income tax rates or corporate income tax exemptions from the relevant PRC tax authorities.

Subsidiaries incorporated in Vietnam, Indonesia, Singapore, Cambodia, Laos and Myanmar are subject to tax rates of 20%, 22%, 17%, 20%, 20% and 25% (30.6.2020: 20%, 25%, 17%, 20%, 20% and 25%) respectively for the financial period ended 31 December 2021.

9. INCOME TAX EXPENSE/(CREDIT) (continued)

Reconciliation between tax expense/(credit) and accounting loss

The reconciliation between tax expense/(credit) and the product of accounting loss multiplied by the applicable corporate tax rate for the financial period/year are as follows:

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
(Loss)/profit before tax:				
- Continuing operations	**(58,368)**	(520,168)	**(28,820)**	(583,739)
- Discontinued operations	**27,772**	(31,954)	**–**	–
	(30,596)	(552,122)	**(28,820)**	(583,739)
Tax at Malaysian statutory tax rate of 24% (30.6.2020: 24%)	**(7,343)**	(132,509)	**(6,917)**	(140,097)
Different tax rates in other jurisdiction	**(9,178)**	21,891	**–**	–
Expenses not deductible for tax purposes	**71,558**	92,018	**6,976**	140,260
Income not subject to tax	**(68,848)**	(8,952)	**(36)**	(123)
Deferred tax assets not recognised	**136,649**	85,282	**–**	–
Utilisation of previously unrecognised tax losses	**(2,159)**	(7,053)	**–**	–
Reversal of previously recognised tax losses	**9,363**	2,194	**–**	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**(19,141)**	17,731	**–**	–
(Over)/under provision of income tax in prior years	**(4,777)**	1,220	**(71)**	–
(Over)/under provision of deferred tax in prior years	**(5,575)**	4,608	**–**	–
Effects on share of results of associates and joint ventures	**(1,214)**	(1,304)	**–**	–
Tax expense/(credit)	**99,335**	75,126	**(48)**	40

The above reconciliation has been prepared by aggregating separate reconciliations for each national jurisdiction.

10. EARNINGS/(LOSS) PER SHARE

(a) Basic

Basic earnings/(loss) per share is calculated by dividing the profit/(loss) for the financial period/year attributable to owners of the parent by the weighted average number of ordinary shares in issue (net of treasury shares) during the financial period/year.

	Group	
	1.7.2020 to 31.12.2021	**1.7.2019 to 30.6.2020**
Profit/(loss) for the financial period/year attributable to owners of the parent (RM'000):		
- Continuing operations	**(120,674)**	(414,638)
- Discontinued operations	**18,874**	(21,716)
	(101,800)	(436,354)
Weighted average number of ordinary shares in issue ('000)	**1,077,460**	1,067,180
Basic earnings/(loss) per share (sen):		
- Continuing operations	**(11.20)**	(38.86)
- Discontinued operations	**1.75**	(2.03)
	(9.45)	(40.89)

(b) Diluted

The basic earnings/(loss) per share and the diluted earnings/(loss) per share are the same for the financial period/year as the Company has no dilutive potential ordinary shares as at the end of the reporting date.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings [i] RM'000	Land RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations [ii] RM'000	Capital work-in-progress [iii] RM'000	Total RM'000
At 31 December 2021							
Cost							
At 1 July 2020	1,692,838	9,942	16,736	548,640	1,425,954	503,166	4,197,276
Additions	–	–	1,171	21,919	105,155	43,520	171,765
Disposals	–	–	(2,004)	(70,896)	(116,428)	(10,188)	(199,516)
Write off	–	–	–	(45,002)	(54,937)	(76)	(100,015)
Deconsolidation of a subsidiary	(37,060)	(9,562)	(512)	(11,129)	(92,057)	–	(150,320)
Reclassification	352	–	–	3,067	28,659	(32,078)	–
Exchange differences	129,425	(380)	878	18,785	77,591	35,471	261,770
At 31 December 2021	1,785,555	–	16,269	465,384	1,373,937	539,815	4,180,960
Accumulated depreciation							
At 1 July 2020	374,745	–	14,384	396,739	1,106,144	–	1,892,012
Charge for the financial period	68,752	–	747	52,075	130,374	–	251,948
Disposals	–	–	(1,847)	(58,847)	(105,410)	–	(166,104)
Write off	–	–	–	(38,518)	(34,948)	–	(73,466)
Deconsolidation of a subsidiary	(5,493)	–	(416)	(9,704)	(47,347)	–	(62,960)
Exchange differences	23,931	–	809	13,556	69,806	–	108,102
At 31 December 2021	461,935	–	13,677	355,301	1,118,619	–	1,949,532
Accumulated impairment loss							
At 1 July 2020	–	–	34	33,421	85,956	38,218	157,629
Impairment loss for the financial period	–	–	35	32,861	34,438	–	67,334
Reversal of impairment loss for the financial period	–	–	–	(10,990)	(1,895)	–	(12,885)
Disposals	–	–	(167)	(22,954)	(4,443)	–	(27,564)
Write off	–	–	–	(1,940)	(16,952)	–	(18,892)
Deconsolidation of a subsidiary	–	–	–	–	(44,662)	–	(44,662)
Exchange differences	–	–	134	347	(2,200)	(1,133)	(2,852)
At 31 December 2021	–	–	36	30,745	50,242	37,085	118,108
Net book value							
At 31 December 2021	1,323,620	–	2,556	79,338	205,076	502,730	2,113,320

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings [i] RM'000	Land RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations [ii] RM'000	Capital work-in-progress [iii] RM'000	Total RM'000
At 30 June 2020							
Cost							
At 1 July 2019	2,049,416	9,801	17,629	574,261	1,507,000	492,415	4,650,522
Additions	516	–	177	28,249	59,859	39,730	128,531
Disposals	(67,525)	–	(1,169)	(49,449)	(138,028)	–	(256,171)
Disposal of equity interest in a subsidiary	–	–	–	(228)	(250)	–	(478)
Write off	–	–	–	(13,542)	(31,236)	–	(44,778)
Reclassification to investment properties (Note 12)	(249,604)	–	–	–	–	(3,993)	(253,597)
Reclassification to non-current assets classified as held for sale (Note (i)(b))	(52,097)	–	–	–	–	–	(52,097)
Reclassification	–	–	–	7,169	21,461	(28,630)	–
Exchange differences	12,132	141	99	2,180	7,148	3,644	25,344
At 30 June 2020	1,692,838	9,942	16,736	548,640	1,425,954	503,166	4,197,276
Accumulated depreciation							
At 1 July 2019	446,449	–	14,929	385,191	1,134,614	–	1,981,183
Charge for the financial year	43,191	–	834	42,424	108,446	–	194,895
Disposals	(36,200)	–	(831)	(39,759)	(131,826)	–	(208,616)
Disposal of equity interest in a subsidiary	–	–	–	(130)	(133)	–	(263)
Write off	–	–	–	(4,453)	(8,897)	–	(13,350)
Reclassification to investment properties (Note 12)	(57,689)	–	–	–	–	–	(57,689)
Reclassification to non-current assets classified as held for sale (Note (i)(b))	(24,008)	–	–	–	–	–	(24,008)
Exchange differences	3,002	–	(548)	13,466	3,940	–	19,860
At 30 June 2020	374,745	–	14,384	396,739	1,106,144	–	1,892,012
Accumulated impairment loss							
At 1 July 2019	–	–	113	34,389	83,473	10,018	127,993
Impairment loss for the financial year	5,425	–	33	10,711	28,435	27,427	72,031
Reversal of impairment loss for the financial year	–	–	(112)	(2,408)	(5,115)	–	(7,635)
Write off	–	–	–	(5,063)	(18,119)	–	(23,182)
Reclassification to non-current assets classified as held for sale (Note (i)(b))	(5,484)	–	–	–	–	–	(5,484)
Exchange differences	59	–	–	(4,208)	(2,718)	773	(6,094)
At 30 June 2020	–	–	34	33,421	85,956	38,218	157,629
Net book value							
At 30 June 2020	1,318,093	9,942	2,318	118,480	233,854	464,948	2,147,635

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	**Office equipment** **31.12.2021** **RM'000**	**30.6.2020** **RM'000**
Cost		
At beginning/end of the financial period/year	**9**	9
Accumulated depreciation		
At beginning of the financial period/year	**2**	1
Charge for the financial period/year	**2**	1
At end of the financial period/year	**4**	2
Net book value		
At end of the financial period/year	**5**	7

(i) (a) As at 31 December 2021, net book values of buildings of RM1,058,844,000 (30.6.2020: RM926,041,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27.

(b) During the financial year ended 30 June 2020, the Group had identified and commenced negotiations with a potential purchaser for the proposed disposal of the whole retail podium of Parkson TD Plaza Shopping Center, a mixed commercial and residential development in Hai Phong City, Vietnam ("Property").

On 27 July 2020, Parkson Haiphong Co. Ltd. ("PHCL"), a wholly-owned subsidiary of Parkson Corporation Sdn Bhd which is in turn a wholly-owned subsidiary of Parkson Retail Asia Limited, a 67.96% owned subsidiary of the Company, entered into a conditional asset transfer agreement with the purchaser in relation to the proposed disposal of the Property at the Vietnamese Dong equivalent of US$10 million inclusive of value added tax.

The building and leasehold land were reclassified as non-current assets classified as held for sale as at 30 June 2020. The net book value of the Property as at 30 June 2020 was as follows:

	RM'000
Building	22,605
Leasehold land (Note 13(a))	18,039
	40,644

The disposal of the Property was completed on 1 October 2021.

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) Included in renovations are the provisions for restoration costs based on the estimated costs to restore the leased areas at the end of their respective lease term.

(iii) Capital work-in-progress comprises mainly ongoing renovation for retail stores. These capital work-in-progress will be reclassified to appropriate categories of property, plant and equipment when they are ready for their intended use.

Included in capital work-in-progress as at 31 December 2021 is a building under construction located in Tianjin City, the PRC of Rmb741,203,000 (equivalent to approximately RM485,266,000) (30.6.2020: Rmb741,203,000 or equivalent to approximately RM448,873,000). As at 31 December 2021 and 30 June 2020, the building is pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27.

(iv) Analysis of purchase of property, plant and equipment during the financial period/year are as follows:

	Group		Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Aggregate costs of purchase of property, plant and equipment	**171,765**	128,531	**–**	–
Provisions for restoration costs (Note 29)	**(1,687)**	(5,507)	**–**	–
Cash payments during the financial period/year	**170,078**	123,024	**–**	–

12. INVESTMENT PROPERTIES

Group	31.12.2021 Completed investment properties [(i)] RM'000	31.12.2021 IPUC [(ii)] RM'000	31.12.2021 Total RM'000	30.6.2020 Completed investment properties [(i)] RM'000	30.6.2020 IPUC [(ii)] RM'000	30.6.2020 Total RM'000
Cost						
At beginning of the financial period/year	**269,361**	**194,033**	**463,394**	15,659	194,033	209,692
Additions	**133,322**	**–**	**133,322**	–	–	–
Reclassification from property, plant and equipment (Note 11)	**–**	**–**	**–**	253,597	–	253,597
Exchange differences	**22,283**	**–**	**22,283**	105	–	105
At end of the financial period/year	**424,966**	**194,033**	**618,999**	269,361	194,033	463,394
Accumulated depreciation						
At beginning of the financial period/year	**64,371**	**–**	**64,371**	4,174	–	4,174
Charge for the financial period/year	**8,955**	**–**	**8,955**	2,462	–	2,462
Reclassification from property, plant and equipment (Note 11)	**–**	**–**	**–**	57,689	–	57,689
Exchange differences	**5,441**	**–**	**5,441**	46	–	46
At end of the financial period/year	**78,767**	**–**	**78,767**	64,371	–	64,371
Accumulated impairment loss						
At beginning of the financial period/year	**–**	**23,533**	**23,533**	–	5,033	5,033
Impairment loss for the financial period/year	**–**	**10,300**	**10,300**	–	18,500	18,500
At end of the financial period/year	**–**	**33,833**	**33,833**	–	23,533	23,533
Net book value						
At end of the financial period/year	**346,199**	**160,200**	**506,399**	204,990	170,500	375,490
Fair value						
At end of the financial period/year	**2,095,040**	**160,200**	**2,255,240**	1,824,676	170,500	1,995,176

12. INVESTMENT PROPERTIES (continued)

	Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Rental income derived from investment properties	**908**	1,377
Direct operating expenses (including repair and maintenance) generating rental income	**(331)**	(269)
Profit arose from investment properties	**577**	1,108

(i) The Group's completed investment properties consist of commercial buildings. The fair values of buildings as at 31 December 2021 and 30 June 2020 were determined on an open market, existing use basis by the Group. The fair values of the completed investment properties are categorised as Level 3 under the fair value hierarchy.

Certain portions of the buildings are held for own use by the Group and such portions are classified as property, plant and equipment.

(ii) IPUC comprises land held by the Group. The land measuring 29.22 acres is located in Melaka, Malaysia and has a leasehold term of 99 years. The land is strategically located in a prime area designated for mixed development purposes, including a shopping mall.

The fair values of the land as at 31 December 2021 and 30 June 2020 were determined based on valuations performed by an independent professionally qualified valuer, on a direct comparison method. The fair value of the IPUC is categorised as Level 3 under the fair value hierarchy.

(iii) The Group has no restrictions on realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iv) As at 31 December 2021, net book values of investment properties of RM476,021,000 (30.6.2020: RM345,942,000) are pledged for loan facilities extended to the Group as disclosed in Note 27.

(v) Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Valuation technique	**Significant unobservable inputs**
Completed investment properties and IPUC at 31 December 2021 and 30 June 2020	
Direct comparison method	Selling price per square foot of comparable properties adjusted for location, accessibility, size, title conditions and restrictions, land tenure, zoning or designated use, building, improvements and amenities and time element.

Direct comparison method

Under the direct comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

13. LEASES

The Group as a lessee

The Group has lease contracts for various items of property and other equipment used in its operations. Leases of these assets generally have lease terms between 2 to 20 years. Certain lease contracts have lease terms of 12 months or less and/or is individually of low value. There are several lease contracts that include variable lease payments, which are further discussed below:

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the financial period/ year are as follows:

	Leasehold land RM'000	Retail and office premises RM'000	Furniture, fittings and other equipment RM'000	Motor vehicles RM'000	Total RM'000
At 1 July 2020	**226,815**	**2,975,957**	**5,724**	**361**	**3,208,857**
Additions	**–**	**122,461**	**–**	**–**	**122,461**
Decrease arising from lease term modification and termination	**–**	**(120,992)**	**–**	**–**	**(120,992)**
Decrease arising from sublease	**–**	**(46,624)**	**–**	**–**	**(46,624)**
Depreciation	**(12,650)**	**(657,056)**	**–**	**–**	**(669,706)**
Impairment loss	**–**	**(136,132)**	**–**	**–**	**(136,132)**
Reversal of impairment loss	**–**	**15,332**	**–**	**–**	**15,332**
Exchange differences	**17,967**	**156,365**	**27**	**–**	**174,359**
At 31 December 2021	**232,132**	**2,309,311**	**5,751**	**361**	**2,547,555**
At 1 July 2019	255,750	3,338,042	2,438	455	3,596,685
Additions	–	346,822	4,483	–	351,305
Decrease arising from lease term modification and termination	–	(90,620)	–	–	(90,620)
Decrease arising from sublease	–	(23,625)	–	–	(23,625)
Depreciation	(8,361)	(462,977)	(1,178)	(91)	(472,607)
Impairment loss	(4,328)	(145,352)	–	–	(149,680)
Reclassification to non-current assets classified as held for sale (Note 11(i)(b))	(18,039)	–	–	–	(18,039)
Exchange differences	1,793	13,667	(19)	(3)	15,438
At 30 June 2020	226,815	2,975,957	5,724	361	3,208,857

13. LEASES (continued)

The Group as a lessee (continued)

(a) Right-of-use assets (continued)

Lump sum payments were made upfront to acquire the leased land with lease periods ranging from 42 to 45 years (30.6.2020: 42 to 45 years), and no ongoing payments will be made under the terms of these land leases. Leasehold land are amortised on a straight-line basis over their respective lease periods.

As at 31 December 2021, net book values of leasehold land of RM225,342,000 (30.6.2020: RM220,136,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27.

On 27 July 2020, the Group proposed to dispose of the whole retail podium of Parkson TD Plaza Shopping Center, a mixed commercial and residential development in Hai Phong City, Vietnam as mentioned in Note 11(i)(b). The net book value of the leasehold land of the Property as at 30 June 2020 of RM18,039,000 was reclassified as non-current assets classified as held for sale. The disposal of the Property was completed on 1 October 2021.

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the financial period/year are as follows:

	Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
At beginning of the financial period/year	**3,948,948**	3,955,730
Additions arising from new leases	**107,019**	342,522
Decrease arising from lease term modification and termination	**(273,069)**	(88,019)
Rent concessions	**(96,253)**	(57,688)
Interest expense	**494,818**	343,026
Payments	**(988,106)**	(575,257)
Deconsolidation of a subsidiary	**(40,638)**	–
Write down of liabilities relating to a subsidiary in bankruptcy	**(121,977)**	–
Exchange differences	**219,161**	28,634
At end of the financial period/year	**3,249,903**	3,948,948
Disclosed as:		
Current	**508,000**	514,001
Non-current	**2,741,903**	3,434,947
	3,249,903	3,948,948

The Group had total cash outflows for leases of RM988,106,000 (2020: RM575,257,000).

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Computer software RM'000	Club memberships RM'000	Brands RM'000	Total RM'000
Cost					
At 1 July 2019	1,538,544	19,108	389	47,605	1,605,646
Additions	–	120	–	–	120
Disposal of equity interest in a subsidiary	(6,680)	–	–	–	(6,680)
Exchange differences	6,684	213	(2)	208	7,103
At 30 June 2020 and 1 July 2020	**1,538,548**	**19,441**	**387**	**47,813**	**1,606,189**
Write off	**–**	**(247)**	**–**	**–**	**(247)**
Deconsolidation of a subsidiary	**(11,727)**	**(2,898)**	**–**	**–**	**(14,625)**
Exchange differences	**95,553**	**723**	**1**	**3,473**	**99,750**
At 31 December 2021	**1,622,374**	**17,019**	**388**	**51,286**	**1,691,067**
Accumulated amortisation					
At 1 July 2019	–	17,175	171	11,479	28,825
Amortisation	–	491	–	395	886
Exchange differences	–	189	1	46	236
At 30 June 2020 and 1 July 2020	**–**	**17,855**	**172**	**11,920**	**29,947**
Amortisation	**–**	**337**	**1**	**415**	**753**
Deconsolidation of a subsidiary	**–**	**(2,337)**	**–**	**–**	**(2,337)**
Exchange differences	**–**	**764**	**–**	**848**	**1,612**
At 31 December 2021	**–**	**16,619**	**173**	**13,183**	**29,975**
Accumulated impairment loss					
At 1 July 2019	283,114	295	–	33,560	316,969
Impairment loss	–	–	–	775	775
Disposal of equity interest in a subsidiary	(6,680)	–	–	–	(6,680)
Exchange differences	1,416	1	–	157	1,574
At 30 June 2020 and 1 July 2020	**277,850**	**296**	**–**	**34,492**	**312,638**
Impairment loss	**23,652**	**559**	**–**	**1,046**	**25,257**
Deconsolidation of a subsidiary	**(11,727)**	**(561)**	**–**	**–**	**(12,288)**
Exchange differences	**19,443**	**3**	**–**	**2,565**	**22,011**
At 31 December 2021	**309,218**	**297**	**–**	**38,103**	**347,618**
Net carrying amount					
At 31 December 2021	**1,313,156**	**103**	**215**	**–**	**1,313,474**
At 30 June 2020	1,260,698	1,290	215	1,401	1,263,604

14. INTANGIBLE ASSETS (continued)

Company	**Club memberships**	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Cost		
At beginning/end of the financial period/year	**135**	135
Accumulated amortisation and impairment loss		
At beginning/end of the financial period/year	**107**	107
Net carrying amount		
At end of the financial period/year	**28**	28

Goodwill

The recoverable amount of the goodwill as at 31 December 2021 has been determined based on a value in use ("VIU") calculation using cash flow projections from financial budgets approved by directors covering a 5-year period. The impairment charge was recorded in the consolidated statement of profit or loss.

(a) Impairment tests for goodwill

Management has carried out impairment test review for goodwill based on the recoverable amount of each cash-generating unit ("CGU"). The recoverable amount has been determined based on a VIU calculation using cash flow projections from financial budgets approved by directors covering a 5-year period. The pre-tax discount rates applied to the cash flow projections are as follows:

	31.12.2021	**30.6.2020**
	%	%
CGU		
Malaysia	**8.0**	15.8
PRC	**14.0**	13.3

14. INTANGIBLE ASSETS (continued)

(a) Impairment tests for goodwill (continued)

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM'000	PRC RM'000	Total RM'000
Retailing			
At 31 December 2021	**19,722**	**1,293,434**	**1,313,156**
At 30 June 2020	19,722	1,240,976	1,260,698

(b) Key assumptions used in VIU calculations

The calculation of VIU for the CGUs are most sensitive to the following assumptions:

Revenue	:	the bases used to determine the future potential earnings are historical sales and expected growth rates of the relevant industry.
Gross margins	:	gross margins are based on the average gross margin achieved in the past 3 to 5 years.
Operating expenses	:	the bases used to determine the values assigned are the cost of inventories purchased for resale, staff costs, depreciation and amortisation, rental expenses and other operating expenses. The value assigned to the key assumption reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.
Growth rates	:	the forecasted growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGUs.
Discount rates	:	discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable weighted average cost of capital for each unit.

(c) Sensitivity to changes in assumptions

With regard to the assessment of VIU of the respective CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the unit to materially exceed its recoverable amount.

15. INTERESTS IN SUBSIDIARIES

	Company 31.12.2021 RM'000	30.6.2020 RM'000
Unquoted shares, at cost	**#**	#
Amount due from a subsidiary [(i)]	**7,195,821**	7,197,016
Share option granted to employees of subsidiaries	**23,936**	23,951
	7,219,757	7,220,967
Less: Accumulated impairment loss	**(4,571,583)**	(4,570,718)
	2,648,174	2,650,249
Accumulated impairment loss:		
At beginning of the financial period/year	**4,570,718**	3,989,123
Charge for the financial period/year (Note 8(a))	**865**	581,595
At end of the financial period/year	**4,571,583**	4,570,718

\# Represent RM24 (30.6.2020: RM24)

(i) The amount due from a subsidiary is unsecured and non-interest bearing. The Company regards the non-trade amount due from the subsidiary as part of the Company's interests in subsidiaries.

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	30.6.2020
Held by the Company (Parkson Holdings Berhad)						
East Crest International Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Vietnam Investment Holdings Co Ltd **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Properties Holdings Co Ltd **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Prime Yield Holdings Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Held by the Company (Parkson Holdings Berhad) (continued)						
Puncak Pelita Sdn Bhd ƒ	Malaysia	Investment holding	**100**	100	**–**	–
Corporate Code Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Subsidiaries of East Crest International Limited						
PRG Corporation Limited ƒ	British Virgin Islands	Investment holding	**100**	100	**–**	–
Serbadagang Holdings Sdn Bhd ƒ	Malaysia	Ceased operation	**100**	100	**–**	–
Park Avenue Fashion Sdn Bhd ** (Dissolved on 12.10.2021)	Malaysia	Ceased operation	**–**	100	**–**	–
Smart Spectrum Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Retail Asia Limited ("PRA") ƒ β	Singapore	Investment holding	**68**	68	**32**	32
Parkson Services Pte Ltd ƒ	Singapore	Intellectual property holding	**100**	100	**–**	–
Subsidiary of Parkson Vietnam Investment Holdings Co Ltd						
Parkson TSN Holdings Co Ltd **	British Virgin Islands	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	% of ownership interest held by non-controlling interests * 30.6.2020
<u>Subsidiaries of Parkson Properties Holdings Co Ltd</u>						
Parkson Properties NDT (Emperor) Co Ltd **	British Virgin Islands	Dormant	**100**	100	**–**	–
Parkson Properties Hanoi Co Ltd **	British Virgin Islands	Dormant	**100**	100	**–**	–
<u>Subsidiaries of Prime Yield Holdings Limited</u>						
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Gema Binari Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Parkson Credit Holdings Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Prestasi Serimas Sdn Bhd	Malaysia	Operation of food and beverage businesses	**100**	100	**–**	–
<u>Subsidiary of PRG Corporation Limited</u>						
Parkson Retail Group Limited ("PRGL") + @	Cayman Islands	Investment holding	**54.6** *1 **0.4**	54.6 *1 0.4	**45.0**	45.0
<u>Subsidiary of PRGL</u>						
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	% of ownership interest held by non-controlling interests * 30.6.2020
Subsidiaries of Grand Parkson Retail Group Limited						
Leonemas International Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Malverest Trading International Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Oroleon International Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Releomont International Limited ** (Dissolved on 17.9.2021)	British Virgin Islands	Investment holding	**–**	100	**–**	–
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Exonbury Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Parkson Investment Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Parkson Supplies Pte Ltd *f*	Singapore	Investment holding	**100**	100	**–**	–
Creation International Investment & Development Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Step Summit Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Global Heights Investment Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Subsidiaries of Grand Parkson Retail Group Limited (continued)						
Golden Village Group Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Lung Shing International Investments & Development Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Capital Park Development Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Favor Move International Limited ** (Dissolved on 17.9.2021)	British Virgin Islands	Investment holding	**–**	100	**–**	–
Jet East Investments Limited ** (Dissolved on 17.9.2021)	British Virgin Islands	Investment holding	**–**	100	**–**	–
Bond Glory Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Victor Crest Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Lion Food & Beverage Ventures Limited **	British Virgin Islands	Investment holding	**91**	91	**9**	9
Yeehaw Best Practices Sdn Bhd ƒ	Malaysia	Operating as a licensor for the brand of "Franco"	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	30.6.2020
Subsidiaries of Grand Parkson Retail Group Limited (continued)						
Hanmen Holdings Limited +	Hong Kong SAR	Investment holding	**100**	*2 100	**–**	–
Victory Hope Limited +	Hong Kong SAR	Investment holding	**100**	*3 100	**–**	–
Great Dignity Development Limited +	Hong Kong SAR	Investment holding	**100**	*4 100	**–**	–
Subsidiary of Leonemas International Limited						
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Leonemas (Hong Kong) Limited						
Qingdao Lion Plaza Retail Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Malverest Trading International Limited						
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Malverest (Hong Kong) Limited						
Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	% of ownership interest held by non-controlling interests * 30.6.2020
Subsidiaries of Parkson Retail Development Co Ltd						
Zhangjiakou Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Qingdao Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Qingdao Parkson Beer City Property Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Oroleon International Limited						
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiaries of Oroleon (Hong Kong) Limited						
Parkson Retail Laos Holdings Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Parkson Credit Sdn Bhd (Note 15(b))	Malaysia	Provision of money lending and credit services	**100**	70 *5 30	**–**	–
Subsidiary of Parkson Retail Laos Holdings Sdn Bhd						
Parkson Lao Sole Co Ltd **	Lao People's Democratic Republic	Wholesale and retail trade	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
Subsidiary of Releomont (Hong Kong) Limited						
Anshan Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Exonbury Limited						
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	**–**	–
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	**70** *6 **30**	70 *6 30	**–**	–
Jinan Lion Consultant Management Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Jiaxing Lion Retail Management Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Subsidiary of Hong Kong Fen Chai Investment Limited						
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**91** *7 **9**	91 *7 9	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	**Country of incorporation/ principal place of business**	**Principal activities**	**% of ownership interest held by the Group * 31.12.2021**	**% of ownership interest held by the Group * 30.6.2020**	**% of ownership interest held by non-controlling interests * 31.12.2021**	**% of ownership interest held by non-controlling interests * 30.6.2020**
Subsidiaries of Xi'an Lucky King Parkson Plaza Co Ltd						
Xi'an Chang'an Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *8 **49**	51 *8 49	**–**	–
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *8 **49**	51 *8 49	**–**	–
Shanxi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Shanghai Lion Parkson Investment Consultant Co Ltd						
Shanghai Shijie Fashions Co Ltd +	People's Republic of China	Sale of apparel	**100**	100	**–**	–
Shanghai Lion Parkson Management Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Subsidiary of Shanghai Lion Parkson Management Consultant Co Ltd						
Shanghai Shihong Supermarket Co Ltd +	People's Republic of China	Operation of gourmet supermarkets	**100**	100	**–**	–
Subsidiaries of Parkson Investment Holdings Co Ltd						
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Lanzhou Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Subsidiaries of Parkson Investment Holdings Co Ltd (continued)						
Zigong Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Shanghai Lion Cosmetics Co Ltd +	People's Republic of China	Wholesale and retail of cosmetics and related products	**100**	100	**–**	–
Shanghai Parkson Food & Beverage Management Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Shanghai Jingshi Retail Management Co Ltd ^ **	People's Republic of China	Property management	**100**	–	**–**	–
Subsidiaries of Shanghai Xinzhuang Parkson Retail Development Co Ltd						
Chenzhou Shishang Parkson Retail Development Co Ltd ** (Dissolved on 27.7.2021)	People's Republic of China	Operation of department stores	**–**	100	**–**	–
Hunan Changsha Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Parkson Investment Pte Ltd						
Rosenblum Investments Pte Ltd ƒ	Singapore	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	% of ownership interest held by non-controlling interests * 30.6.2020
Subsidiaries of Parkson Supplies Pte Ltd						
Chongqing Wanyou Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Mianyang Fulin Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60** *9 **40**	60 *9 40	**–**	–
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Creation International Investment & Development Limited						
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	**–**	–
Subsidiaries of Step Summit Limited						
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**60**	60	**40**	40
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Guizhou Tongren Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd						
Changshu Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Shaoxing Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Changzhou Shifeng Retail Development Co Ltd +	People's Republic of China	Sale of apparel	**100**	100	**–**	–
Changzhou Lion Food & Beverage Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Shanghai Delight Food & Beverage Management Co Ltd +	People's Republic of China	Food and beverage operation	**100**	100	**–**	–
Subsidiaries of Shanghai Delight Food & Beverage Management Co Ltd						
Shanghai Delight Food Co Ltd +	People's Republic of China	Food operation	**100**	100	**–**	–
Kunming Hogan Food & Beverage Management Co Ltd +	People's Republic of China	Food and beverage operation	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	% of ownership interest held by non-controlling interests * 30.6.2020
Subsidiaries of Hefei Parkson Xiaoyao Plaza Co Ltd						
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operation of department stores	**51** *10 **49**	51 *10 49	**–**	–
Qingdao Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Global Heights Investment Limited						
Asia Victory International Limited **	British Virgin Islands	Domestic and cross-border trade	**100**	100	**–**	–
Subsidiary of Asia Victory International Limited						
Shunhe International Investment Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	**–**	–
Subsidiary of Shunhe International Investment Limited						
Kunming Yun Shun He Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd						
Guizhou Zunyi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**90** *11 **10**	90 *11 10	**–**	–
Liupanshui Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	% of ownership interest held by non-controlling interests * 30.6.2020
<u>Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd</u> (continued)						
Suzhou Parkson Changfa Commercial Management Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Panzhihua Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Tianjin Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores and property management	**60** *12 **20** *13 **20**	60 *12 20 *13 20	**–**	–
Parkson Business Commerce Sole Co Ltd **	Lao People's Democratic Republic	Operation of department stores	**100**	100	**–**	–
<u>Subsidiaries of Golden Village Group Limited</u>						
Duo Success Investments Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Jiangxi Parkson Shopping Centre Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
<u>Subsidiary of Duo Success Investments Limited</u>						
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	30.6.2020
Subsidiary of Lung Shing International Investments & Development Limited						
Anshan Lung Shing Property Services Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Capital Park Development Limited						
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Capital Park (HK) Investment & Development Limited						
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60**	60	**40**	40
Subsidiary of Bond Glory Limited						
Choice Link Limited ** (Dissolved on 17.9.2021)	British Virgin Islands	Investment holding	**–**	100	**–**	–
Subsidiary of Victor Crest Limited						
Wide Crest Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiaries of Wide Crest Limited						
Wide Field International Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Sea Coral Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Parkson Venture Pte Ltd ƒ	Singapore	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Subsidiary of Wide Field International Limited						
Shenyang Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Sea Coral Limited						
Dalian Parkson Retail Development Co Ltd **	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Parkson Venture Pte Ltd						
Qingdao No. 1 Parkson Co Ltd +	People's Republic of China	Operation of department stores	**95.9**	95.9	**4.1**	4.1
Subsidiary of Lion Food & Beverage Ventures Limited						
Parkson Food & Beverage Ventures Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Parkson Food & Beverage Ventures Limited						
Shanghai Lion Food and Beverage Management Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Subsidiary of Victory Hope Limited						
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	**70** *14 **30**	70 *14 30	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	% of ownership interest held by non-controlling interests * 30.6.2020
Subsidiary of Nanning Brilliant Parkson Commercial Co Ltd						
Wuzhou Fashion Parkson Business Management Co Ltd ^ **	People's Republic of China	Operation of department stores	**100**	–	**–**	–
Subsidiary of Great Dignity Development Limited						
Shantou Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of PRA						
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores and related trading activities including e-commerce activities	**100**	100	**–**	–
Centro Retail Pte Ltd ƒ	Singapore	Investment holding	**100**	100	**–**	–
PT Tozy Sentosa (In Bankruptcy) (Note 15(a))	Indonesia	Ceased operation	**90** *15 **10**	90 *15 10	**–**	–
Parkson Myanmar Co Pte Ltd ƒ	Singapore	Investment holding	**100**	100	**–**	–
Parkson Yangon Company Limited **	Myanmar	Dormant	**95** *16 **5**	95 *16 5	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Subsidiaries of Parkson Corporation Sdn Bhd						
Parkson Vietnam Co Ltd ƒ	Vietnam	Operation of department stores	**100**	100	**–**	–
Parkson Haiphong Co Ltd ƒ	Vietnam	Operation of department stores	**100**	100	**–**	–
Kiara Innovasi Sdn Bhd ** (Dissolved on 12.10.2021)	Malaysia	Ceased operation	**–**	100	**–**	–
Parkson Cambodia Holdings Co Ltd **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson SGN Co Ltd ƒ	Vietnam	Dormant	**100**	100	**–**	–
Parkson Edutainment World Sdn Bhd	Malaysia	Dormant	**100**	100	**–**	–
Parkson Lifestyle Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Parkson Unlimited Beauty Sdn Bhd	Malaysia	Import, operate and distribute fragrance and beauty care products	**100**	100	**–**	–
Parkson Private Label Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
Subsidiaries of Parkson Corporation Sdn Bhd (continued)						
Parkson Trading (Vietnam) Company Limited ƒ	Vietnam	Wholesaler of apparels and consumer products	**100**	100	**–**	–
Solid Gatelink Sdn Bhd	Malaysia	Operation of food and beverage businesses	**100**	100	**–**	–
Parkson Trends Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Subsidiary of Parkson Vietnam Co Ltd						
Parkson Vietnam Management Services Co Ltd ƒ	Vietnam	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	**100**	100	**–**	–
Subsidiary of Parkson Cambodia Holdings Co Ltd						
Parkson (Cambodia) Co Ltd **	Cambodia	Dormant	**100**	100	**–**	–
Subsidiary of Parkson Myanmar Co Pte Ltd						
Parkson Myanmar Investment Company Pte Ltd ƒ	Singapore	Investment holding	**70**	70	**30**	30

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020	% of ownership interest held by non-controlling interests * 31.12.2021	% of ownership interest held by non-controlling interests * 30.6.2020
Subsidiaries of Parkson Myanmar Investment Company Pte Ltd						
Parkson Myanmar Asia Pte Ltd *f*	Singapore	Investment holding	**100**	100	**–**	–
Myanmar Parkson Company Limited **	Myanmar	Dormant	**90** *17 **10**	90 *17 10	**–**	–
Subsidiary of Parkson TSN Holdings Co Ltd						
Parkson HBT Properties Co Ltd **	Vietnam	Real estate consulting and management services	**100**	100	**–**	–
Subsidiaries of Dyna Puncak Sdn Bhd						
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Magna Rimbun Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
True Excel Investments Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiary of Idaman Erajuta Sdn Bhd						
Festival City Sdn Bhd	Malaysia	Operation of department stores and property management	**100**	100	**–**	–
Subsidiary of Magna Rimbun Sdn Bhd						
Megan Mastika Sdn Bhd	Malaysia	Property management and investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
Subsidiary of Megan Mastika Sdn Bhd						
Dimensi Andaman Sdn Bhd ƒ	Malaysia	Investment holding, property development and project management	**100**	100	**–**	–
Subsidiary of True Excel Investments Limited						
True Excel Investments (Cambodia) Co Ltd **	Cambodia	Investment holding	**100**	100	**–**	–
Subsidiary of Gema Binari Sdn Bhd						
Parkson Branding Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Subsidiaries of Parkson Branding Sdn Bhd						
Parkson Fashion Sdn Bhd ** (Dissolved on 23.2.2022)	Malaysia	Ceased operation	**100**	100	**–**	–
Parkson Branding (L) Limited (Struck off on 6.7.2019)	Malaysia	Dormant	**100**	100	**–**	–
Subsidiary of Prestasi Serimas Sdn Bhd						
Ombrello Resources Sdn Bhd ƒ	Malaysia	Trading of food and beverages	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

All the companies are audited by Grant Thornton Malaysia PLT except for those marked (+) which company or group companies are audited by a member firm of Grant Thornton International in the respective countries, and those marked (*ƒ*) which are audited by other firms.

*	Equals to the proportion of voting rights held.
**	The financial statements are examined for the purpose of consolidation.
*1	Held by East Crest International Limited.
*2	Held by Favor Move International Limited.
*3	Held by Jet East Investments Limited.
*4	Held by Choice Link Limited.
*5	Held by Parkson Credit Holdings Sdn Bhd.
*6	Held by Parkson Investment Pte Ltd.
*7	Held by Huge Return Investment Limited.
*8	Held by Parkson Retail Development Co Ltd.
*9	Held by Shanghai Hongqiao Parkson Development Co Ltd.
*10	Held by Creation (Hong Kong) Investment & Development Limited.
*11	Held by Parkson Investment Holdings Co Ltd.
*12	Held by Xi'an Lucky King Parkson Plaza Co Ltd.
*13	Held by Nanning Brilliant Parkson Commercial Co Ltd.
*14	Held by Hanmen Holdings Limited.
*15	Held by Centro Retail Pte Ltd.
*16	Held by Parkson Myanmar Co Pte Ltd.
*17	Held by Parkson Myanmar Asia Pte Ltd.
^	Subsidiaries which were newly incorporated during the financial period.
β	Listed on the Singapore Exchange Securities Trading Limited. The auditor's report of the subsidiary for the 18 months financial period ended 31 December 2021 was issued with an emphasis of matter relating to material uncertainty related to going concern and qualified opinion on deconsolidation in respect of the financial numbers of a subsidiary in liquidation.
@	Listed on The Stock Exchange of Hong Kong Limited.

15. INTERESTS IN SUBSIDIARIES (continued)

(a) Deconsolidation of a subsidiary

On 22 January 2021, PT Tozy Sentosa ("PT Tozy"), a wholly-owned subsidiary of PRA which is in turn a 67.96% owned subsidiary of the Company, received a legal notice dated 21 January 2021 ("Legal Notice") 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. The Legal Notice has demanded payment for the aggregate amount of the claims of approximately IDR15.0 billion (approximately RM4.2 million) to be made by PT Tozy to the relevant Claimants no later than 28 January 2021.

On 3 March 2021, certain Claimants had filed a "Suspension of Debt Payment Obligation" ("PKPU") application against PT Tozy ("PKPU Application") with the Commercial Court at Central Jakarta District Court, Jakarta, Indonesia ("Commercial Court") for the total claims of approximately IDR4,882.9 million (approximately RM1.41 million). The judgement hearing for the PKPU Application was heard on 31 March 2021 and the Commercial Court had granted PT Tozy, temporary PKPU status until 17 May 2021 (inclusive). The Commercial Court had also appointed 2 administrators ("PKPU Administrators") to oversee the debt restructuring arrangements between PT Tozy and all of its creditors, and PT Tozy's proposed composition plan for the settlement of outstanding debts owing to these creditors. While PT Tozy is under PKPU status, the PKPU Administrators have oversight and supervisory control over matters relating to the payment by PT Tozy of its debts owing to its creditors, as well as any actions which relate to a transfer in the form of sale and purchase of PT Tozy's assets. During this period, PT Tozy's management continued to manage PT Tozy and its then existing store operations.

At the creditors' meeting conducted on 10 May 2021, the creditors of PT Tozy ("Creditors") did not approve the proposed composition plan and a further extension of time for the settlement of outstanding debts owing to the Creditors.

The Commercial Court had on 17 May 2021, at PT Tozy's hearing, made an order to revoke PT Tozy's temporary PKPU status and to commence bankruptcy proceedings against PT Tozy ("Bankruptcy Proceedings"). The PKPU Administrators for PT Tozy had been appointed by the Commercial Court as the joint receivers in connection with the Bankruptcy Proceedings ("Receivers"), and are responsible in managing PT Tozy's assets and the liquidation of PT Tozy's bankruptcy estate.

The Bankruptcy Proceedings are ongoing.

As PT Tozy had been placed under the Bankruptcy Proceedings and the Receivers had been appointed, the Group had ceased to have control over PT Tozy, and accordingly, had ceased to consolidate PT Tozy in its consolidated financial statements.

15. INTERESTS IN SUBSIDIARIES (continued)

(a) Deconsolidation of a subsidiary (continued)

The deconsolidation of PT Tozy had the following effects on the Group's financial results and position for the financial period ended 31 December 2021:

	Group 2021 RM'000
Property, plant and equipment	**42,698**
Inventories	**312**
Receivables	**4,988**
Cash and cash equivalents	**1,903**
Payables	**(51,416)**
Lease liabilities	**(40,638)**
Net liabilities deconsolidated, representing effect on deconsolidation of a subsidiary	**(42,153)**
Cash and cash equivalents of the subsidiary, representing net cash outflow on deconsolidation of a subsidiary	**(1,903)**

(b) Disposal of the remaining equity interest in a subsidiary

On 21 August 2020, Parkson Credit Holdings Sdn Bhd ("Parkson Credit Holdings"), a wholly-owned subsidiary of the Company, completed the disposal to Oroleon (Hong Kong) Limited ("Oroleon"), a wholly-owned subsidiary of PRGL, which is in turn a 54.97% owned subsidiary of the Company, of the remaining 30% equity interest comprising 9,000,000 ordinary shares in Parkson Credit Sdn Bhd ("Parkson Credit") at a cash consideration of RM26,000,000 ("Disposal of Parkson Credit").

Following the completion of the Disposal of Parkson Credit, Parkson Credit became a wholly-owned subsidiary of PRGL and remains a subsidiary of the Company.

15. INTERESTS IN SUBSIDIARIES (continued)

(c) Disposal of equity interest in subsidiaries

(i) During the financial period ended 31 December 2021, Parkson Investment Holdings Co Ltd ("Parkson Investment Holdings"), an indirect wholly-owned subsidiary of PRGL, completed the disposal of its entire equity interest in Shanghai Shengrui Commercial Management Co Ltd ("Shanghai Shengrui") for a consideration of approximately Rmb0.26 million (equivalent to approximately RM170,000) ("Disposal of Shanghai Shengrui").

Following the completion of the Disposal of Shanghai Shengrui, Shanghai Shengrui ceased to be a subsidiary of Parkson Investment Holdings and of the Company.

The disposal had the following effects on the Group's financial results and position for the financial period ended 31 December 2021:

	Group 2021 RM'000
Receivables	**216,542**
Cash and cash equivalents	**131**
Payables	**(216,700)**
Net liabilities disposed	**(27)**
Cash consideration	**170**
Net liabilities disposed	**27**
Gain on disposal of a subsidiary	**197**
Cash consideration	**170**
Cash and cash equivalents of subsidiary disposed	**(131)**
Net cash inflow of the Group	**39**

15. INTERESTS IN SUBSIDIARIES (continued)

(c) Disposal of equity interest in subsidiaries (continued)

(ii) In the previous financial year ended 30 June 2020, Gema Binari Sdn Bhd ("Gema Binari"), a wholly-owned subsidiary of the Company, completed the disposal of its entire 60% equity interest comprising 120,000 ordinary shares in Giftmate Sdn Bhd ("Giftmate") at a consideration of RM1,100,000 ("Disposal of Giftmate").

Following the completion of the Disposal of Giftmate, Giftmate ceased to be a subsidiary of Gema Binari and of the Company.

The disposal had the following effects on the Group's financial results and position for the financial year ended 30 June 2020:

	Group 2020 RM'000
Property, plant and equipment	215
Inventories	599
Receivables	535
Cash and cash equivalents	1,496
Payables	(88)
Deferred tax liabilities	(11)
	2,746
Non-controlling interests derecognised	(1,098)
Net assets disposed	1,648
Cash consideration	1,100
Net assets disposed	(1,648)
Loss on disposal of a subsidiary	(548)
Cash consideration	1,100
Cash and cash equivalents of subsidiary disposed	(1,496)
Net cash outflow of the Group	(396)

15. INTERESTS IN SUBSIDIARIES (continued)

(d) Material non-controlling interests

Financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below.

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	31.12.2021 %	30.6.2020 %
PRA	Singapore	**32.0**	32.0
PRGL	Cayman Islands	**45.0**	45.0

PRA and PRGL are investment holding companies that have subsidiaries that are in the retailing business in Southeast Asia and the PRC respectively.

	Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Accumulated net assets/(liabilities) balances of non-controlling interests:		
PRA	**(48,437)**	(65,118)
PRGL	**1,201,508**	1,102,060
Total	**1,153,071**	1,036,942

	Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Profit/(loss) allocated to non-controlling interests:		
PRA	**14,287**	(82,851)
PRGL	**(42,418)**	(107,870)
Other individually immaterial subsidiaries	**–**	(173)
Total	**(28,131)**	(190,894)

15. INTERESTS IN SUBSIDIARIES (continued)

(d) Material non-controlling interests (continued)

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information below is the amount before inter-company elimination.

	PRA		PRGL	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
(i) Summarised statements of financial position				
Non-current assets	**752,374**	1,108,534	**6,212,379**	6,661,269
Current assets	**327,193**	253,070	**1,886,487**	2,029,666
Non-current liabilities	**(586,778)**	(950,694)	**(2,378,695)**	(4,241,757)
Current liabilities	**(643,431)**	(613,440)	**(3,030,054)**	(1,932,671)
Non-controlling interests	**302**	338	**(47,662)**	(72,072)
Total equity	**(150,340)**	(202,192)	**2,642,455**	2,444,435
Attributable to non-controlling interests	**(48,437)**	(65,118)	**1,201,508**	1,102,060
(ii) Summarised statements of profit or loss				
Revenue	**762,647**	818,036	**4,061,079**	2,403,571
Profit/(loss) for the financial period/year	**43,390**	(257,952)	**(112,154)**	(257,758)
Attributable to non-controlling interests	**14,287**	(82,851)	**(42,418)**	(107,870)
Dividends paid to non-controlling interests	**–**	–	**(15,934)**	(10,223)

15. INTERESTS IN SUBSIDIARIES (continued)

(d) Material non-controlling interests (continued)

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information below is the amount before inter-company elimination. (continued)

	PRA		PRGL	
	2021 RM'000	**2020 RM'000**	**2021 RM'000**	**2020 RM'000**
(iii) Summarised statements of other comprehensive income				
Other comprehensive income/(loss) attributable to non-controlling interests:				
- Change in fair value of financial assets	**95**	(723)	**–**	–
- Foreign currency translation	**2,303**	(1,181)	**164,067**	(32,070)
(iv) Summarised statements of cash flows				
Operating activities	**440,228**	51,330	**780,193**	286,446
Investing activities	**(1,363)**	(24,487)	**277,189**	895,794
Financing activities	**(261,694)**	(174,690)	**(1,456,404)**	(1,095,286)
Net increase/(decrease) in cash and cash equivalents	**177,171**	(147,847)	**(399,022)**	86,954

16. INVESTMENTS IN ASSOCIATES

	Group 31.12.2021 RM'000	Group 30.6.2020 RM'000
Unquoted shares in Malaysia, at cost	**15,926**	15,926
Unquoted shares outside Malaysia, at cost	**24,056**	24,056
Share of post-acquisition reserves	**3,457**	(3,547)
Less: Accumulated impairment loss	**(10,987)**	(10,987)
	32,452	25,448
Exchange differences	**989**	1,151
	33,441	26,599
Accumulated impairment loss:		
At beginning/end of the financial period/year	**10,987**	10,987

Details of associates are as follows:

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	% of ownership interest held by the Group * 30.6.2020
Shanghai Nine Sea Lion Properties Management Co Ltd ("Shanghai Nine Sea") &	People's Republic of China	Property management and real estates services	**35**	35
Parkson Hanoi Co Ltd &	Vietnam	Dormant	**42**	42
Parkson Newcore Retail Shanghai Ltd ("Parkson Newcore") #	People's Republic of China	Operation of outlet stores	**49**	49
Habitat Blue Sdn Bhd ("Habitat Blue") &	Malaysia	Operation of computer software development and maintenance	**40**	40
AUM Hospitality Sdn Bhd (Under court liquidation)	Malaysia	Investment holding and provision of management services	**20**	20

* Equals to the proportion of voting rights held.

\# Audited by a member firm of Grant Thornton International.

& Audited by a firm other than Grant Thornton Malaysia PLT.

All the investments in associates are accounted for using the equity method.

Impairment loss on an associate is recognised to reduce the carrying value of the investment to the estimated recoverable amount.

16. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of the Group's material associates and Group's share of results of associates, are set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

	Parkson Newcore RM'000	Shanghai Nine Sea RM'000	Total RM'000
2021			
(i) Summarised statements of financial position			
Non-current assets	**212,528**	**42**	**212,570**
Current assets	**160,922**	**9,314**	**170,236**
Total assets	**373,450**	**9,356**	**382,806**
Non-current liabilities	**212,646**	**–**	**212,646**
Current liabilities	**95,813**	**4,799**	**100,612**
Total liabilities	**308,459**	**4,799**	**313,258**
Net assets	**64,991**	**4,557**	**69,548**
(ii) Summarised statements of profit or loss			
Revenue	**821,616**	**29,437**	**851,053**
Profit for the financial period	**14,348**	**550**	**14,898**
(iii) Dividend received from an associate	**–**	**(219)**	**(219)**
(iv) Group's share of net assets, representing carrying amount of Group's interest in associates	**31,846**	**1,595**	**33,441**
(v) Group's share of results of associates	**7,030**	**193**	**7,223**

16. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of the Group's material associates and Group's share of results of associates, are set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts. (continued)

	Parkson Newcore RM'000	Shanghai Nine Sea RM'000	Total RM'000
2020			
(i) Summarised statements of financial position			
Non-current assets	261,537	30	261,567
Current assets	98,117	9,080	107,197
Total assets	359,654	9,110	368,764
Non-current liabilities	210,454	–	210,454
Current liabilities	97,962	4,844	102,806
Total liabilities	308,416	4,844	313,260
Net assets	51,238	4,266	55,504
(ii) Summarised statements of profit or loss			
Revenue	459,101	17,021	476,122
Profit for the financial year	1,655	347	2,002
(iii) Dividend received from an associate	–	(59)	(59)
(iv) Group's share of net assets, representing carrying amount of Group's interest in associates	25,106	1,493	26,599
(v) Group's share of results of associates	811	122	933

16. INVESTMENTS IN ASSOCIATES (continued)

The summarised aggregate financial information of the Group's other individually non-material associates is set out below:

	Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Loss for the financial period/year	**(1,524)**	(1,410)
Group's share of current year's unrecognised loss	**(607)**	(564)
Group's cumulative share of unrecognised loss	**(4,243)**	(3,636)

The Group has not recognised loss arising from these other individually non-material associates when its share of losses exceeds the Group's interest in the associates.

17. INVESTMENTS IN JOINT VENTURES

	Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Unquoted shares in Malaysia, at cost	**19,300**	19,300
Unquoted shares outside Malaysia, at cost	**4,675**	4,675
Share of post-acquisition reserves	**(10,759)**	(1,195)
Less: Accumulated impairment loss	**(7,741)**	(7,741)
	5,475	15,039
Exchange differences	**4,142**	2,890
	9,617	17,929
Accumulated impairment loss:		
At beginning/end of the financial period/year	**7,741**	7,741

17. INVESTMENTS IN JOINT VENTURES (continued)

Details of joint ventures are as follows:

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 31.12.2021	30.6.2020
Xinjiang Youhao Parkson Development Co Ltd ("Xinjiang Youhao") ^	People's Republic of China	Operation of department stores	**51**	51
Marlow House Asia Limited ("Marlow House") &	British Virgin Islands	Investment holding	**50**	50
Watatime group of companies: &				
Watatime Marketing Sdn Bhd	Malaysia	Wholesaling of watches	**50**	50
J. Bovier Time (M) Sdn Bhd	Malaysia	Retailing of watches	**50**	50
Watatime (Subang) Sdn Bhd	Malaysia	Retailing of watches	**37.5**	37.5
Watatime (M) Sdn Bhd	Malaysia	Retailing of watches	**50**	50
Watatime Group Sdn Bhd	Malaysia	Dormant	**50**	50
The Timepiece Repair Specialist Sdn Bhd	Malaysia	Retailing of watches	**50**	50
Wata Time (S) Pte Ltd	Singapore	Dormant	**50**	50
Valino International Apparel Sdn Bhd &	Malaysia	Ceased operation	**50**	50

* The Group has voting rights of all its joint ventures under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

^ Although the Group has ownership indirectly through subsidiary of more than half of the voting power of the subject entity, the joint venture agreement established joint control over the subject entity. The joint venture agreement ensures that no single venturer is in a position to control the activities of the entity unilaterally. The entity forms part of the PRGL group of companies, which is audited by a member firm of Grant Thornton International.

& Audited by a firm other than Grant Thornton Malaysia PLT.

All the investments in joint ventures are accounted for using the equity method.

Impairment loss on a joint venture is recognised to reduce the carrying value of the investment to the estimated recoverable amount.

17. INVESTMENTS IN JOINT VENTURES (continued)

All of the joint ventures have the same reporting period as the Group except for Marlow House and Watatime group of companies which is 30 June. For the purpose of applying the equity method of accounting for joint ventures, the last audited financial statements available and the management financial statements as at end of the accounting period of the joint ventures were used.

There are no material contingent liability and capital commitment relating to joint ventures as at 31 December 2021 and 30 June 2020.

Summarised financial information of the Group's material joint ventures and Group's share of results of joint ventures, are set out below. The summarised financial information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts.

	Watatime group of companies RM'000	Xinjiang Youhao RM'000	Total RM'000
2021			
(i) Summarised statements of financial position			
Non-current assets	**6,423**	**5,268**	**11,691**
Current assets	**45,648**	**85,002**	**130,650**
Total assets	**52,071**	**90,270**	**142,341**
Non-current liabilities	**–**	**1,101**	**1,101**
Current liabilities	**51,050**	**70,312**	**121,362**
Total liabilities	**51,050**	**71,413**	**122,463**
Net assets	**1,021**	**18,857**	**19,878**
(ii) Summarised statements of profit or loss			
Revenue	**58,519**	**115,115**	**173,634**
Loss for the financial period	**(337)**	**(4,245)**	**(4,582)**
(iii) Dividend received from a joint venture	**–**	**(7,399)**	**(7,399)**
(iv) Group's share of net assets	**511**	**9,617**	**10,128**
Cumulative share of unrecognised loss	**1,497**	**–**	**1,497**
Cumulative impairment loss	**(2,008)**	**–**	**(2,008)**
Carrying amount of Group's interest in joint ventures	**–**	**9,617**	**9,617**
(v) Group's share of results of joint ventures	**–**	**(2,165)**	**(2,165)**

17. INVESTMENTS IN JOINT VENTURES (continued)

Summarised financial information of the Group's material joint ventures and Group's share of results of joint ventures, are set out below. The summarised financial information represents the amounts in the financial statements of the joint ventures and not the Group's share of those amounts. (continued)

	Watatime group of companies RM'000	Xinjiang Youhao RM'000	Total RM'000
2020			
(i) Summarised statements of financial position			
Non-current assets	7,238	5,158	12,396
Current assets	55,886	93,663	149,549
Total assets	63,124	98,821	161,945
Non-current liabilities	–	1,019	1,019
Current liabilities	63,783	62,648	126,431
Total liabilities	63,783	63,667	127,450
Net (liabilities)/assets	(659)	35,154	34,495
(ii) Summarised statements of profit or loss			
Revenue	34,567	87,404	121,971
(Loss)/profit for the financial year	(2,062)	10,033	7,971
(iii) Dividend received from a joint venture	–	(9,191)	(9,191)
(iv) Group's share of net (liabilities)/assets	(330)	17,929	17,599
Cumulative share of unrecognised loss	2,338	–	2,338
Cumulative impairment loss	(2,008)	–	(2,008)
Carrying amount of Group's interest in joint ventures	–	17,929	17,929
(v) Group's share of results of joint ventures	–	5,117	5,117

17. INVESTMENTS IN JOINT VENTURES (continued)

The summarised aggregate financial information of the Group's other individually non-material joint ventures and Group's share of results of joint ventures and carrying amount of the Group's interest in joint ventures, are set out below:

	Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Loss for the financial period/year	**(1,685)**	(1,230)
Group's share of results of joint ventures	**–**	(615)

18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
At beginning of the financial period/year	**7,424**	(25,813)
Recognised in profit or loss (Note 9)	**56,540**	33,160
Disposal of equity interest in a subsidiary	**–**	11
Exchange differences	**(318)**	66
At end of the financial period/year	**63,646**	7,424
Presented after appropriate offsetting as follows:		
Deferred tax assets	**200,170**	157,606
Deferred tax liabilities	**(136,524)**	(150,182)
	63,646	7,424

18. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

The components and movements of deferred tax assets and liabilities during the financial period/year prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Right-of-use assets and lease liabilities RM'000	Others * RM'000	Total RM'000
At 1 July 2020	**1,367**	**28,913**	**123,484**	**3,842**	**157,606**
Recognised in profit or loss	**(1,135)**	**8,979**	**22,325**	**(346)**	**29,823**
Exchange differences	**73**	**2,643**	**9,724**	**301**	**12,741**
At 31 December 2021	**305**	**40,535**	**155,533**	**3,797**	**200,170**
At 1 July 2019	1,193	7,643	96,951	9,773	115,560
Recognised in profit or loss	165	20,973	26,252	(6,330)	41,060
Exchange differences	9	297	281	399	986
At 30 June 2020	1,367	28,913	123,484	3,842	157,606

* Others comprise accrued of coupon provision and other expenses.

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Asset revaluation RM'000	Withholding taxes RM'000	Total RM'000
At 1 July 2020	**(5,610)**	**(118,964)**	**(25,608)**	**(150,182)**
Recognised in profit or loss	**2,936**	**4,640**	**19,141**	**26,717**
Exchange differences	**(283)**	**(11,337)**	**(1,439)**	**(13,059)**
At 31 December 2021	**(2,957)**	**(125,661)**	**(7,906)**	**(136,524)**
At 1 July 2019	(6,862)	(126,891)	(7,620)	(141,373)
Recognised in profit or loss	1,258	8,573	(17,731)	(7,900)
Disposal of equity interest in a subsidiary	11	–	–	11
Exchange differences	(17)	(646)	(257)	(920)
At 30 June 2020	(5,610)	(118,964)	(25,608)	(150,182)

18. DEFERRED TAX ASSETS/(LIABILITIES) (continued)

Deferred tax assets have not been recognised in respect of the following items:

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Unused tax losses	**1,109,279**	1,220,278
Unabsorbed capital allowances	**20,685**	18,680
Other temporary differences	**34,886**	55,925
	1,164,850	1,294,883
Deferred tax at respective jurisdiction's applicable tax rate, if recognised	**285,810**	316,932

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries is subject to approval from the tax authority of the country in which the losses originate.

Deferred tax assets have not been recognised in respect of the unused tax losses and unabsorbed capital allowances as it is not probable that taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised, considering that the relevant subsidiaries have been incurring losses and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As announced in the Annual Budget 2022, effective from year of assessment 2019, the unused tax losses of Malaysian entities as at 31 December 2018 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unabsorbed losses will be disregarded.

19. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Non-current		
Amounts due from subsidiaries	**50,686**	32,746
Less: Allowance for expected credit loss ("ECL")	**(50,671)**	(23,832)
	15	8,914
Current		
Amounts due from subsidiaries	**5,220**	13,128
Less: Allowance for ECL	**(1,536)**	(1,046)
	3,684	12,082
Total amounts due from subsidiaries	**3,699**	20,996
Movement in allowance for ECL:		
At beginning of the financial period/year	**24,878**	25,391
Charge for the financial period/year	**27,329**	–
Reversal during the financial period/year	**–**	(513)
At end of the financial period/year	**52,207**	24,878

The non-current portion of the amounts due from subsidiaries represents the amount which the Company does not intend to demand repayment within 12 months from the reporting date. An amount of RM50,367,000 (30.6.2020: RM32,429,000) bears interests ranging from 3% to 7% per annum (2020: 3% to 7% per annum).

The current portion of the amounts due from subsidiaries are unsecured, repayable on demand and interest free except for an amount of RM3,000,000 as at 30 June 2020 which bore interest of 6.18% per annum.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Non-current				
Trade receivables (i)				
Third parties	**109,997**	74,448	**–**	–
Less: Allowance for ECL	**(2,801)**	(2,485)	**–**	–
Trade receivables, net	**107,196**	71,963	**–**	–
Current				
Trade receivables (i)				
Third parties	**155,308**	123,558	**–**	–
Less: Allowance for ECL	**(5,196)**	(7,867)	**–**	–
Trade receivables, net	**150,112**	115,691	**–**	–
Other receivables				
Sundry receivables (ii)	**175,832**	153,193	**2**	2
Less: Allowance for ECL	**(31,234)**	(33,166)	**–**	–
	144,598	120,027	**2**	2
Prepayments	**53,800**	67,197	**–**	–
Less: Allowance for ECL	**(12,892)**	(14,601)	**–**	–
	40,908	52,596	**–**	–
Deposits (iii)	**119,781**	75,315	**12**	12
Less: Allowance for ECL	**(50,779)**	(44,591)	**–**	–
	69,002	30,724	**12**	12
Amounts due from associates and joint ventures (iv)	**36,125**	37,084	**6**	774
Less: Allowance for ECL	**(36,119)**	(27,060)	**–**	(750)
	6	10,024	**6**	24
Amounts due from related parties (v)	**446**	455	**113**	122
Lease prepayments	**43,234**	40,710	**–**	–
Lease receivables from subleases (Note 21)	**46,909**	40,692	**–**	–
Other receivables, net	**345,103**	295,228	**133**	160
Total current trade and other receivables	**495,215**	410,919	**133**	160

20. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Trade and other receivables (as above)				
- non-current	**107,196**	71,963	**–**	–
- current	**495,215**	410,919	**133**	160
Total trade and other receivables	**602,411**	482,882	**133**	160
Add: Deposits, cash and bank balances (Note 23)	**1,309,279**	1,754,403	**3,422**	2,427
Add: Lease deposits and other deposits	**147,417**	154,444	**–**	–
Add: Long term lease receivables from subleases (Note 21)	**257,602**	219,282	**–**	–
Add: Amounts due from subsidiaries (Note 19)	**–**	–	**3,699**	20,996
Less: Prepayments	**(40,908)**	(52,596)	**–**	–
Less: Lease prepayments	**(43,234)**	(40,710)	**–**	–
Total financial assets carried at amortised cost	**2,232,567**	2,517,705	**7,254**	23,583

(i) Trade receivables

Included in trade receivables are loan receivables from credit services segment of RM188,178,000 (30.6.2020: RM150,257,000).

(ii) Sundry receivables

Sundry receivables comprise the following:

	Group		Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Advances to suppliers	**34,202**	45,036	**–**	–
Operating lease receivables	**39,823**	–	**–**	–
Accrued interest on deposits	**7,112**	15,395	**–**	–
Others	**94,695**	92,762	**2**	2
	175,832	153,193	**2**	2

Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (30.6.2020: 1 to 90 days).

20. TRADE AND OTHER RECEIVABLES (continued)

(iii) Deposits

Included in deposits are amounts of RM19,728,000 (30.6.2020: RM31,586,000) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to two individuals and a Vietnamese company (collectively the "Vietnamese Store Owners"). These Vietnamese Store Owners separately own department stores in Vietnam which are operated and managed by Parkson Vietnam Management Services Co Ltd, a subsidiary of the Group. Pursuant to agreements entered into between these Vietnamese Store Owners, Parkson Vietnam is allowed to acquire certain equity interests in the department stores upon fulfilment of certain conditions. The deposits are non-interest bearing and are secured by certain percentage of the charter capital of the Vietnamese Store Owners in the companies operating the department stores and the assets of the Vietnamese company's department store. These deposits have been fully impaired in the previous financial years.

(iv) Amounts due from associates and joint ventures

Included in amounts due from associates and joint ventures are:

(a) an amount due from an associate, Parkson Hanoi Co Ltd of RM18,026,000 (30.6.2020: RM18,217,000) which is unsecured, non-interest bearing and repayable upon demand.

(b) loans and related interest receivables due from a joint venture, Watatime (M) Sdn Bhd of RM12,793,000 (30.6.2020: RM12,793,000) which certain principal amounts bear interest of 7% per annum (2020: 7% per annum).

(v) Amounts due from related parties

The amounts due from related parties are unsecured, interest free and repayable upon demand.

The relationship of the related parties with the Group and the Company are further disclosed in Note 34.

<u>Trade receivables</u>

Trade receivables consist of mainly financing receivables relating to the Group's provision of financing facilities based on Islamic principles. Other trade receivables have credit terms ranging from payment in advance to 30 days (30.6.2020: payment in advance to 30 days).

Other information on financial risks of trade and other receivables are disclosed in Note 38.

20. TRADE AND OTHER RECEIVABLES (continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Within 1 year	**150,112**	115,691
1 to 2 years	**64,578**	47,561
Over 2 years	**42,618**	24,402
	257,308	187,654

Trade receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial period/year.

Trade receivables that are past due but not impaired

Receivables that are past due but not impaired are unsecured in nature. Management is confident that these receivables are recoverable as these accounts are still active.

Trade receivables that are impaired

The Group uses general approach in performing impairment analysis for loan receivables at each reporting date. Under the general approach, impairment analysis is performed based on 3 stages to measure ECLs. The Group, on the other hand, applies a simplified approach in calculating ECLs for other trade receivables.

Set out below is the information about the credit risk exposure on the Group's trade receivables as at 31 December 2021 and 30 June 2020:

	← Credit services		→	Others	
	12-month ECLs	← Lifetime ECLs	→	**Simplified**	
	Stage 1 RM'000	**Stage 2 RM'000**	**Stage 3 RM'000**	**approach RM'000**	**Total RM'000**
At 1 July 2019	98	484	1,584	3,154	5,320
Charge for the financial year	1,522	408	8,623	2,387	12,940
Reversal for the financial year	–	–	–	(24)	(24)
Written off	–	–	(7,674)	(138)	(7,812)
Exchange differences	–	–	142	(214)	(72)
At 30 June 2020 and 1 July 2020	**1,620**	**892**	**2,675**	**5,165**	**10,352**
Charge for the financial period	**–**	**–**	**6,520**	**481**	**7,001**
Written off	**–**	**–**	**(6,347)**	**(3,642)**	**(9,989)**
Exchange differences	**–**	**–**	**638**	**(5)**	**633**
At 31 December 2021	**1,620**	**892**	**3,486**	**1,999**	**7,997**

20. TRADE AND OTHER RECEIVABLES (continued)

Other receivables that are impaired

The other receivables that are impaired at the reporting date are principally on delinquent accounts and the movement of allowance for ECL used to record the impairment losses are as follows:

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Sundry receivables - nominal amounts	**31,234**	33,166
Less: Allowance for ECL	**(31,234)**	(33,166)
	–	–
Prepayments - nominal amounts	**12,892**	14,601
Less: Allowance for ECL	**(12,892)**	(14,601)
	–	–
Deposits - nominal amounts	**50,779**	44,591
Less: Allowance for ECL	**(50,779)**	(44,591)
	–	–
Amounts due from associates and joint ventures		
- nominal amounts	**36,119**	27,060
Less: Allowance for ECL	**(36,119)**	(27,060)
	–	–

	Company	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Amount due from a joint venture	**–**	750
Less: Allowance for ECL	**–**	(750)
	–	–

20. TRADE AND OTHER RECEIVABLES (continued)

Movement in allowance for ECL:

Group	Trade receivables RM'000	Sundry receivables RM'000	Prepayments RM'000	Deposits RM'000	Amounts due from associates and joint ventures RM'000	Total RM'000
At 1 July 2020	**10,352**	**33,166**	**14,601**	**44,591**	**27,060**	**129,770**
Charge for the financial period:						
Trade and sundry receivables, prepayments and deposits	**7,001**	**1,819**	**8,014**	**8,334**	**–**	**25,168**
Amount due from a joint venture	**–**	**–**	**–**	**–**	**10,000**	**10,000**
	7,001	**1,819**	**8,014**	**8,334**	**10,000**	**35,168**
Reversal of impairment loss	**–**	**(6)**	**–**	**(114)**	**(150)**	**(270)**
Written off	**(9,989)**	**(3,836)**	**(10,431)**	**–**	**(600)**	**(24,856)**
Deconsolidation of a subsidiary	**–**	**(1,385)**	**–**	**–**	**–**	**(1,385)**
Exchange differences	**633**	**1,476**	**708**	**(2,032)**	**(191)**	**594**
At 31 December 2021	**7,997**	**31,234**	**12,892**	**50,779**	**36,119**	**139,021**
At 1 July 2019	5,320	23,338	10,349	44,243	19,889	103,139
Charge for the financial year:						
Trade and sundry receivables, prepayments and deposits	12,940	7,632	4,213	114	–	24,899
Amount due from a joint venture	–	–	–	–	750	750
	12,940	7,632	4,213	114	750	25,649
Reversal of impairment loss	(24)	(58)	–	–	–	(82)
Written off	(7,812)	–	–	–	–	(7,812)
Exchange differences	(72)	2,254	39	234	6,421	8,876
At 30 June 2020	10,352	33,166	14,601	44,591	27,060	129,770

21. OTHER RECEIVABLES

	Group 31.12.2021 RM'000	Group 30.6.2020 RM'000
Non-current		
Lease and other prepayments [(i)]	**46,522**	87,996
Lease deposits	**85,373**	90,730
Lease receivables from subleases [(ii)]	**257,602**	219,282
Other deposit [(iii)]	**62,044**	63,714
	451,541	461,722
Less: Allowance for ECL	**(7,564)**	(7,647)
	443,977	454,075

Movement in allowance for ECL:

	Group 31.12.2021 RM'000	Group 30.6.2020 RM'000
At beginning of the financial period/year	**7,647**	7,398
Exchange differences	**(83)**	249
At end of the financial period/year	**7,564**	7,647

(i) This represents mainly the long term portion of the prepaid lease rental paid to lessors.

(ii) This represents lease income receivables by the Group as intermediate lessor. The carrying amount and the movement of lease receivables from subleases are as follows:

	Group 31.12.2021 RM'000	Group 30.6.2020 RM'000
At beginning of the financial period/year	**259,974**	203,433
Addition arising from new leases	**68,587**	74,186
Accretion of interest recognised during the financial period/year	**39,743**	22,074
Decrease arising from lease term modification	**(6,122)**	(805)
Proceeds from subleases	**(73,699)**	(40,255)
Exchange differences	**16,028**	1,341
At end of the financial period/year	**304,511**	259,974
Disclosed as:		
Current (Note 20)	**46,909**	40,692
Non-current	**257,602**	219,282
	304,511	259,974

(iii) Other deposit represents an amount of US$14,887,000 paid for the proposed lease and acquisition of a retail mall in Cambodia.

22. INVESTMENT SECURITIES

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Non-current		
Financial assets at fair value through other comprehensive income:		
- Unquoted equity securities (i)	**17,331**	16,697
Current		
Financial assets at fair value through profit or loss:		
- Wealth management products (ii)	**59,345**	142,977
Total investment securities	**76,676**	159,674

(i) This amount included investments in Lion Insurance Company Limited and Lion Group Management Services Sdn Bhd, related parties of the Group.

(ii) This represents the Group's investment in non-principal guaranteed wealth management products that are managed by licensed financial institutions in the PRC to invest principally in certain financial assets including bonds, trusts, cash funds, bond funds or unlisted equity investment issued and are circulated in the PRC in accordance with the related entrusted agreements. The wealth management products are measured at fair value, which are disclosed in Note 37(a).

23. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Non-current				
Time deposits, representing total non-current deposits, cash and bank balances	**20,404**	377,652	**–**	–
Current				
Deposits, cash and bank balances:				
Cash on hand and at banks				
- Malaysia	**11,568**	13,260	**1,236**	1,577
- Foreign	**545,754**	845,914	**186**	350
Deposits with:				
Licensed banks				
- Malaysia	**76,520**	8,249	**2,000**	500
- Foreign	**550,033**	509,328	**–**	–
Licensed finance companies in Malaysia	**105,000**	–	**–**	–
Total current deposits, cash and bank balances	**1,288,875**	1,376,751	**3,422**	2,427
Deposits, cash and bank balances (as above)				
- non-current	**20,404**	377,652	**–**	–
- current	**1,288,875**	1,376,751	**3,422**	2,427
Total deposits, cash and bank balances	**1,309,279**	1,754,403	**3,422**	2,427
Less:				
Investments in principal guaranteed deposits	**(327)**	(24,799)	**–**	–
Time deposits with original maturity of more than three months when acquired	**(500,206)**	(747,917)	**–**	–
Bank overdrafts (Note 27)	**(1,601)**	(8,373)	**–**	–
Cash and cash equivalents	**807,145**	973,314	**3,422**	2,427

As at 31 December 2021, deposits with licensed banks and time deposits of the Group amounting to a total of RM465,568,000 (30.6.2020: RM432,684,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27. In addition, the Group has pledged deposits of RM20,404,000 (30.6.2020: Nil) held in designated bank accounts for performance guarantees.

The investments in principal guaranteed deposits have terms of less than one year and have an expected average annual rate of return of 2.4% (30.6.2020: 3.4%). Pursuant to the underlying contracts or notices, the investments in principal guaranteed deposits are capital guaranteed upon the maturity date.

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM1,058,806,000 (30.6.2020: RM1,599,686,000) at the reporting date were denominated in Rmb which is not freely convertible in the international market. The remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

23. DEPOSITS, CASH AND BANK BALANCES (continued)

The average effective interest rates of deposits of the Group at the reporting date are as follows:

	Group	
	31.12.2021	**30.6.2020**
	%	**%**
Licensed banks	**2.5**	3.3
Licensed finance companies	**2.0**	–

Deposits of the Group have varying periods of between 1 day and 36 months (30.6.2020: 1 day and 36 months). Bank balances are deposits held at call with licensed banks.

24. INVENTORIES

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At costs:		
Merchandise inventories	**375,239**	320,822
Consumables	**2,802**	14,140
	378,041	334,962
At net realisable value:		
Merchandise inventories	**5,831**	25,571
Total	**383,872**	360,533

During the financial period/year, the amount of inventories recognised as an expense in cost of sales of the Group was RM2,514,176,000 (2020: RM1,615,673,000) for continuing operations and RM1,068,000 (2020: RM1,959,000) for discontinued operations.

25. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		Amount	
	Total number of issued shares '000	**Treasury shares '000**	**Issued share capital RM'000 (a)**	**Treasury shares RM'000 (b)**
Group/Company				
At 1 July 2020	**1,093,902**	**(26,722)**	**4,151,005**	**(20,903)**
Resale of treasury shares	**–**	**26,722**	**–**	**20,903**
Issue of share capital	**25,000**	**–**	**4,625**	**–**
Share capital reduction	**–**	**–**	**(2,000,000)**	**–**
At 31 December 2021	**1,118,902**	**–**	**2,155,630**	**–**
At 1 July 2019 and 30 June 2020	1,093,902	(26,722)	4,151,005	(20,903)

25. SHARE CAPITAL AND TREASURY SHARES (continued)

(a) During the financial period ended 31 December 2021, the issued share capital of the Company decreased from RM4,151,004,753 to RM2,155,629,753 resulting from the following:

- issuance and allotment of 25,000,000 new ordinary shares at RM0.185 per share for cash on 16 December 2021, which had increased the issued share capital of the Company by RM4,625,000 pursuant to the first tranche of the private placement ("First Tranche Placement") as disclosed in Note 42(i); and

- reduction of RM2.0 billion of the issued share capital of the Company by the cancellation of the issued share capital which was lost or unrepresented by available assets pursuant to Section 116 of the Companies Act 2016 effective 27 December 2021 as disclosed in Note 42(ii).

Subsequent to the financial period, the Company had on 2 March 2022 issued and allotted 30,000,000 new ordinary shares at RM0.165 per share for cash which had further increased the issued share capital of the Company by RM4,950,000 from RM2,155,629,753 to RM2,160,579,753 pursuant to the second tranche of the private placement ("Second Tranche Placement") as disclosed in Note 43(i).

As at the date of this report, the total number of issued shares of the Company after the First Tranche Placement and the Second Tranche Placement were 1,148,902,050 ordinary shares.

The new ordinary shares issued during and subsequent to the financial period ranked *pari passu* in all respects with the then existing ordinary shares of the Company.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) This amount represented the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

The Company did not repurchase its own shares and none of the treasury shares then held by the Company were cancelled during the financial period ended 31 December 2021 and financial year ended 30 June 2020.

During the financial period ended 31 December 2021, the Company had resold its entire 26,721,880 treasury shares for a total consideration of RM5,984,000 (after deducting transaction costs) in the open market at an average price of approximately RM0.22 per share. As at the date of this report, the Company did not hold any treasury shares.

As at 30 June 2020, the number of outstanding ordinary shares in issue after the set off of 26,721,880 treasury shares then held by the Company were 1,067,180,170 ordinary shares.

26. OTHER RESERVES

Group	Exchange fluctuation reserves RM'000	Asset revaluation reserve RM'000 (a)	Capital reserves RM'000 (b)	Merger deficit RM'000 (c)	Premium on acquisition of non-controlling interests RM'000	Fair value reserve of financial assets at FVOCI RM'000	Total RM'000
At 1 July 2020	**276,538**	**83,698**	**103,386**	**(2,071,102)**	**(3,843)**	**637**	**(1,610,686)**
Other comprehensive income/(loss) for the financial period							
Foreign currency translation	**337,761**	**12,344**	**14,352**	**–**	**–**	**–**	**364,457**
Financial assets at fair value through other comprehensive income ("FVOCI")	**–**	**–**	**–**	**–**	**–**	**635**	**635**
Less: Non-controlling interests	**(154,350)**	**(5,558)**	**(6,462)**	**–**	**–**	**(95)**	**(166,465)**
	183,411	**6,786**	**7,890**	**–**	**–**	**540**	**198,627**
Transactions with owners							
Transfer to capital reserves, representing total transactions with owners	**–**	**–**	**2,937**	**–**	**–**	**–**	**2,937**
At 31 December 2021	**459,949**	**90,484**	**114,213**	**(2,071,102)**	**(3,843)**	**1,177**	**(1,409,122)**
At 1 July 2019	312,269	83,284	101,945	(2,071,102)	(3,843)	3,647	(1,573,800)
Other comprehensive income/(loss) for the financial year							
Foreign currency translation	(69,698)	754	857	–	–	3	(68,084)
Financial assets at FVOCI	–	–	–	–	–	(3,736)	(3,736)
Less: Non-controlling interests	33,967	(340)	(376)	–	–	723	33,974
	(35,731)	414	481	–	–	(3,010)	(37,846)
Transactions with owners							
Transfer to capital reserves, representing total transactions with owners	–	–	960	–	–	–	960
At 30 June 2020	276,538	83,698	103,386	(2,071,102)	(3,843)	637	(1,610,686)

26. OTHER RESERVES (continued)

Company	Capital redemption reserve	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning/end of the financial period/year	**2,905,831**	2,905,831

(a) Asset revaluation reserve

The asset revaluation reserve represents the fair value adjustments to the property, plant and equipment, investment properties and land use rights of Parkson Retail Development Co Ltd ("PRD") prior to the Group acquiring the remaining 44% equity interest in PRD in 2006.

(b) Capital reserves

The capital reserves are maintained by the Group's subsidiaries in the PRC in accordance with the regulations in that country and are not available for payment of dividend.

(c) Merger deficit

On 19 September 2007, the Group completed the acquisition of several companies in the retail business. The acquisition was satisfied by way of issuance of 3,799,730,000 new ordinary shares of the Company at an issue price of RM1.00 per share and RM500,000,000 nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value of RM1.00 each.

The difference between the fair value of the RCSLS of and shares in the Company issued as consideration and the nominal value of the shares acquired has been classified as merger deficit. The merger deficit was subsequently partially set off against capital redemption reserve of RM2,905,831,000 pursuant to a court approval dated 24 September 2007 granted to the Company. The RCSLS was fully converted in August 2010.

At each reporting date, the merger deficit will be reduced by transferring the Group's retained profits for the immediate preceding financial year after adjusting for proposed/declared dividend as at that date, in accordance with the Group's accounting policy disclosed in Note 2.5.

27. LOANS AND BORROWINGS

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Current		
Secured:		
Financial institutions		
Bank loans:		
HK$ denominated	**1,130,461**	318,616
Rmb denominated	**5,892**	–
Revolving financing	**104,500**	83,094
Bankers' acceptance	**5,819**	5,967
Non-financial institutions		
Lenders from non-financial institutions	**70,865**	124,152
Unsecured:		
Term loan	**4,092**	–
Bank overdrafts	**1,601**	8,373
Total current loans and borrowings	**1,323,230**	540,202
Non-current		
Secured:		
Financial institutions		
Bank loans:		
HK$ denominated	**–**	1,486,881
Rmb denominated	**16,988**	–
Non-financial institutions		
Lenders from non-financial institutions	**50,017**	–
Unsecured:		
Term loan	**–**	4,283
Total non-current loans and borrowings	**67,005**	1,491,164
Total loans and borrowings	**1,390,235**	2,031,366

27. LOANS AND BORROWINGS (continued)

	Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Total loans and borrowings		
Bank loans	**1,153,341**	1,805,497
Revolving financing	**104,500**	83,094
Bankers' acceptance	**5,819**	5,967
Lenders from non-financial institutions	**120,882**	124,152
Term loans	**4,092**	4,283
Bank overdrafts	**1,601**	8,373
	1,390,235	2,031,366
Maturity of loans and borrowings:		
Within one year	**1,323,230**	540,202
More than one year and less than two years	**53,291**	318,617
More than two years and less than five years	**13,714**	1,172,547
	1,390,235	2,031,366

A reconciliation of liabilities arising from financing activities of the Group is as follows:

	At 1.7.2020 RM'000	**Proceeds RM'000**	**Repayment RM'000**	**Exchange differences RM'000**	**At 31.12.2021 RM'000**
Bank loans	**1,805,497**	**27,397**	**(623,293)**	**(56,260)**	**1,153,341**
Revolving financing	**83,094**	**61,078**	**(45,816)**	**6,144**	**104,500**
Bankers' acceptance	**5,967**	**41,516**	**(41,233)**	**(431)**	**5,819**
Lenders from non-financial institutions	**124,152**	**–**	**–**	**(3,270)**	**120,882**
Term loans	**4,283**	**–**	**–**	**(191)**	**4,092**
Total	**2,022,993**	**129,991**	**(710,342)**	**(54,008)**	**1,388,634**

	At 1.7.2019 RM'000	**Proceeds RM'000**	**Repayment RM'000**	**Exchange differences RM'000**	**At 30.6.2020 RM'000**
Bank loans	2,279,482	2,124,115	(2,609,445)	11,345	1,805,497
Revolving financing	18,000	75,094	(10,000)	–	83,094
Bankers' acceptance	7,516	24,110	(25,648)	(11)	5,967
Lenders from non-financial institutions	99,384	21,415	–	3,353	124,152
Term loans	80,889	4,173	(81,292)	513	4,283
Total	2,485,271	2,248,907	(2,726,385)	15,200	2,022,993

27. LOANS AND BORROWINGS (continued)

The weighted average effective interest rates at the reporting date for loans and borrowings are as follows:

	Group	
	31.12.2021	**30.6.2020**
	%	%
Bank loans	**2.2**	3.5
Revolving financing	**4.4**	5.5
Bankers' acceptance	**2.8**	3.7
Lenders from non-financial institutions	**10.8**	10.8
Term loans	**7.0**	7.0
Bank overdrafts	**6.3**	7.0

(i) As at 31 December 2021, bank loans of the Group denominated in HK$ and Rmb are secured by property, plant and equipment, investment properties and land use rights with total net carrying amount of RM2,085,273,000 (30.6.2020: RM1,770,492,000) and deposits with licensed banks and time deposits totalling RM461,078,000 (30.6.2020: RM425,434,000).

(ii) As at 31 December 2021, revolving financing of the Group of RM104,500,000 (30.6.2020: RM75,094,000) is secured by trade receivables of RM142,167,000 (30.6.2020: RM121,241,000) and unrealised receivables of RM41,169,000 (30.6.2020: RM24,224,000) which will be due within 48 months.

(iii) As at 31 December 2021, bankers' acceptance of the Group of RM5,819,000 (30.6.2020: RM5,967,000) is secured by deposits with licensed banks of RM4,490,000 (30.6.2020: RM7,250,000).

(iv) As at 31 December 2021, amounts of RM70,865,000 (30.6.2020: RM72,777,000) and RM50,017,000 (30.6.2020: RM51,375,000) are secured by an investment property with a carrying amount of RM160,200,000 (30.6.2020: RM170,500,000), and 924,200,000 ordinary shares (30.6.2020: 674,200,000 ordinary shares) of HK$0.02 each in the capital of PRGL, respectively.

On 6 December 2021, the Group, as borrower, entered into a facility agreement with a syndicate of banks, as lenders, in relation to a syndicated term loan facility in an aggregate amount of up to HK$2,700,000,000 (equivalent to approximately RM1,443,420,000) ("Loan Facility"). The Loan Facility has a term of 36 months commencing from the first drawdown date. The Group had drawn down HK$2,667,600,000 (equivalent to approximately RM1,426,099,000) in January 2022.

28. LONG TERM PAYABLES

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Rental deposits (i)	**8,547**	41,595
Deferred lease income (ii)	**–**	15,854
Defined benefit obligation (iii)	**–**	3,304
Others	**49**	1,228
	8,596	61,981

(i) Non-current rental deposits have maturity ranging from 2 to 15 years (30.6.2020: 2 to 15 years). The rental deposits are initially recognised at their fair values. The difference between the fair value and the nominal deposit amount is recorded as deferred lease income.

(ii) Deferred lease income represents the difference between the fair value of non-current rental deposits recognised on initial recognition and the nominal deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 15 years (30.6.2020: 2 to 15 years). The movement in deferred lease income is as follows:

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of the financial period/year	**15,888**	15,789
Additions during the financial period/year	**–**	166
Reversed during the financial period/year	**(17,109)**	–
Recognised in profit or loss	**–**	(143)
Exchange differences	**1,221**	76
At end of the financial period/year	**–**	15,888
Disclosed as:		
Current (Note 30)	**–**	34
Non-current	**–**	15,854
	–	15,888

28. LONG TERM PAYABLES (continued)

(iii) 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 principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2020 were as follows:

Annual discount rate	:	8%
Future annual salary increment	:	8%
Retirement age	:	55 years of age

	Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Components of employee benefits expense recognised in profit or loss		
Current service cost	**1,817**	361
Interest cost on benefit obligations	**–**	219
Employee benefits expense (Note 6)	**1,817**	580

	Group	
	31.12.2021 RM'000	**30.6.2020 RM'000**
Estimated liabilities for employee benefits at the reporting date		
Defined benefit obligation, representing liabilities at end of the financial period/year	**–**	3,304
Changes in the present value of the defined benefit obligation		
At beginning of the financial period/year	**3,304**	2,875
Provision during the financial period/year	**1,817**	580
Payment during the financial period/year	**–**	(196)
Deconsolidation of a subsidiary	**(4,986)**	–
Exchange differences	**(135)**	45
At end of the financial period/year	**–**	3,304

29. PROVISIONS

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Non-current	**17,285**	23,246
Current	**4,321**	4,555
Total	**21,606**	27,801

These relate to provisions for restoration costs which represent the estimated cost of restoring leased space used in the principal activities of the Group. Provisions made are capitalised as part of the carrying amount of the Group's property, plant and equipment.

The movement in the provisions is as follows:

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of the financial period/year	**27,801**	24,154
Arose during the financial period/year	**1,687**	5,507
Utilised during the financial period/year	**(1,529)**	(1,151)
Reversed during the financial period/year	**(6,922)**	(2,697)
Unwinding of discount	**680**	1,869
Exchange differences	**(111)**	119
At end of the financial period/year	**21,606**	27,801

30. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2021	**30.6.2020**	**31.12.2021**	**30.6.2020**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade and other payables:				
Trade payables (i)	**879,421**	768,787	**–**	–
Other payables (ii)	**314,834**	162,731	**–**	–
Deposits	**141,692**	85,867	**–**	–
Accruals	**100,350**	159,866	**1,507**	1,954
Deferred lease income (Note 28(ii))	**–**	34	**–**	–
	1,436,297	1,177,285	**1,507**	1,954
Total trade and other payables (as above)	**1,436,297**	1,177,285	**1,507**	1,954
Add:				
Loans and borrowings (Note 27)	**1,390,235**	2,031,366	**–**	–
Rental deposits (Note 28)	**8,547**	41,595	**–**	–
Amounts due to subsidiaries	–	–	**3,190**	2,986
Less: Deferred lease income	–	(34)	**–**	–
Total financial liabilities carried at amortised cost	**2,835,079**	3,250,212	**4,697**	4,940

(i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (30.6.2020: 30 to 90 days).

(ii) Other payables are normally settled on average terms of 30 to 90 days (30.6.2020: average terms of 30 to 90 days).

Other information on financial risks of trade and other payables are disclosed in Note 38.

31. CONTRACT LIABILITIES

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Deferred revenue from:		
Gift cards/vouchers sold [(i)]	**404,362**	388,996
Customer loyalty award [(ii)]	**15,395**	17,771
	419,757	406,767

(i) A reconciliation of the deferred revenue from gift cards/vouchers sold is as follows:

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of the financial period/year	**388,996**	426,585
Arising during the financial period/year	**425,706**	504,742
Revenue recognised during the financial period/year	**(440,382)**	(544,288)
Exchange differences	**30,042**	1,957
At end of the financial period/year	**404,362**	388,996

(ii) A reconciliation of the deferred revenue from customer loyalty award is as follows:

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
At beginning of the financial period/year	**17,771**	21,676
Arising during the financial period/year	**34,593**	34,710
Revenue recognised during the financial period/year	**(25,670)**	(16,990)
Lapsed amounts reversed	**(12,102)**	(21,759)
Exchange differences	**803**	134
At end of the financial period/year	**15,395**	17,771

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.

32. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

33. DISCONTINUED OPERATIONS

During the current reporting period, Parkson Haiphong Co Ltd ("PHCL"), a wholly-owned subsidiary of PRA in Vietnam, ceased the operation for an existing store and on 31 December 2021, PHCL intended to cease the operation of its remaining store. Consequently, the results of PHCL were separately disclosed under discontinued operations.

The revenue and results of PHCL were as follows:

		Group	
	Note	1.7.2020 to 31.12.2021 RM'000	1.7.2019 to 30.6.2020 RM'000
Revenue	4	**25,451**	28,107
Other income	5	**41,849**	1,112
Purchase of goods and changes in inventories		**(1,068)**	(1,959)
Employee benefits expense	6	**(2,880)**	(3,220)
Depreciation and amortisation		**(11,955)**	(13,699)
Promotional and advertising expenses		**(436)**	(863)
Rental expenses		**(3,485)**	(2,803)
Other expenses		**(9,235)**	(6,874)
Operating profit/(loss)		**38,241**	(199)
Finance income	7	**15**	264
Finance costs	7	**(10,484)**	(9,758)
Impairment loss on:			
- Property, plant and equipment		**–**	(5,425)
- Right-of-use assets		**–**	(16,836)
Profit/(loss) before tax	8	**27,772**	(31,954)
Income tax expense		**–**	–
Profit/(loss) for the financial period/year		**27,772**	(31,954)
Profit/(loss) for the financial period/year attributable to:			
Owners of the parent		**18,874**	(21,716)
Non-controlling interests		**8,898**	(10,238)
		27,772	(31,954)

34. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	Relationship
BonusKad Loyalty Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Lion Group Management Services Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Valino International Apparel Sdn Bhd	A joint venture of the Group
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Secom (Malaysia) Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
WatchMart (M) Sdn Bhd	A company in which a close family member of a then director of a subsidiary is a shareholder
Watatime (M) Sdn Bhd	A joint venture of the Group
Brands Pro Management Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Daphne Malaysia Sdn Bhd	A wholly-owned subsidiary of a joint venture of the Group
Visionwell Sdn Bhd	A company in which a Director who is also a substantial shareholder of the Company has interests
Lion Insurance Company Limited	A company which a Director and certain substantial shareholders of the Company have interests

34. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties were entered into during the financial period/year:

	Group	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Purchases of goods and services from:		
- BonusKad Loyalty Sdn Bhd	**6,367**	6,506
- Lion Group Management Services Sdn Bhd	**738**	451
- Valino International Apparel Sdn Bhd	**378**	1,401
- Posim Marketing Sdn Bhd	**1,488**	949
- Secom (Malaysia) Sdn Bhd	**1,129**	865
- WatchMart (M) Sdn Bhd	**–**	81
- Watatime (M) Sdn Bhd	**–**	43
- Brands Pro Management Sdn Bhd	**286**	304
- Daphne Malaysia Sdn Bhd	**–**	1,353
Rental of office and/or warehouse space from:		
- Visionwell Sdn Bhd	**1,827**	1,115

	Company	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**
Interest income from subsidiaries (Note 7)	**1,495**	1,107

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions as at 31 December 2021 are disclosed in Note 19, Note 20, Note 30 and Note 32.

(b) Compensation of key management personnel

The remuneration of the Managing Director and the Executive Director of the Company and other members of key management during the financial years are as follows:

	Group		**Company**	
	1.7.2020 to 31.12.2021 RM'000	**1.7.2019 to 30.6.2020 RM'000**	**1.7.2020 to 31.12.2021 RM'000**	**1.7.2019 to 30.6.2020 RM'000**
Short term employee benefits	**11,110**	7,558	**309**	191
Pension costs				
- Defined contribution plans	**194**	120	**–**	–
	11,304	7,678	**309**	191

35. COMMITMENTS

Capital commitments

Capital expenditure at the reporting date is as follows:

	Group	
	31.12.2021	**30.6.2020**
	RM'000	**RM'000**
Purchase of property, plant and equipment:		
Approved and contracted for	**46,890**	95,062

36. CORPORATE GUARANTEES

As at 31 December 2021, the Company has provided corporate guarantees amounting to RM44,000,000 (30.6.2020: RM35,000,000) in favour of financial institutions as security for the credit facilities totalling RM44,000,000 (30.6.2020: RM105,000,000) granted to subsidiaries of the Company.

The corporate guarantees issued were not recognised in the financial statements as no value has been placed on the guarantees provided by the Company, considering that the likelihood of the guaranteed parties defaulting within the guaranteed period were assessed to be remote.

37. FAIR VALUE

(a) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets/(liabilities):

	Level 3
	RM'000
31.12.2021	
Investment properties (Note 12):	
Completed investment properties	**2,095,040**
IPUC	**160,200**
Investment securities (Note 22):	
Financial assets at FVOCI	
- Unquoted equity securities	**17,331**
Financial assets at FVPL	
- Wealth management products	**59,345**
30.6.2020	
Investment properties (Note 12):	
Completed investment properties	1,824,676
IPUC	170,500
Investment securities (Note 22):	
Financial assets at FVOCI	
- Unquoted equity securities	16,697
Financial assets at FVPL	
- Wealth management products	142,977

37. FAIR VALUE (continued)

(a) Fair value measurement (continued)

There has been no transfer between Levels 1, 2 and 3 for the financial period/year under review.

Fair value of investment properties is determined on an open market, existing use basis by the Group, as disclosed in Note 12.

Fair values of unquoted equity securities and wealth management products are determined using the future cash flows that are estimated based on expected applicable yield of the underlying investment portfolio and discounted at rates that reflect the credit risk of various counterparties.

Changing one or more of the inputs to reasonable alternative assumptions would not significantly change the fair values of the financial assets categorised as Level 3 under the fair value hierarchy.

(b) Financial instruments

(i) The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

	Note
Lease liabilities	13
Amounts due from subsidiaries	19
Trade and other receivables	20
Trade and other payables	30
Amounts due to subsidiaries	32

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short term nature.

(ii) The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(aa) Financial instruments classified as current

The fair values of the Group's and of the Company's financial instruments, other than amounts due from/to subsidiaries/related parties, which are classified as current approximate to their carrying amounts due to the relatively short term maturity of these financial instruments.

(bb) Long term loans and borrowings

The fair values of long term loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(cc) Deposit receivables/payables

The fair values of rental deposit receivables/payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(dd) Lease liabilities

The fair values of non-current lease liabilities are estimated by discounting expected future lease payments at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the date of application.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, deposits, cash and bank balances that derive directly from its operations.

The Group is exposed to interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Group reviews and agrees to policies for managing each of these risks, which are summarised below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

A reasonably possible change of 100 basis point in interest rate, arising mainly from the lower/higher interest on bank loans, with all other variables held constant, the Group's profit or loss for the period/year would have been RM9,572,000 (2020: RM14,418,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. As these transactions are mainly denominated in United States Dollar ("US$"), Hong Kong Dollar ("HK$") and Singapore Dollar ("SGD"), the Group's foreign currency risk is primarily due to exposure to the US$, HK$ and SGD. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

In addition to the disclosure detailed elsewhere in the financial statements, the net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets held in			
Functional currency	**US$ RM'000**	**HK$ RM'000**	**SGD RM'000**	**Total RM'000**
Deposits, cash and bank balances				
At 31 December 2021				
Ringgit Malaysia	**353**	**20**	**53**	**426**
Chinese Renminbi	**6,371**	**15,779**	**–**	**22,150**
Vietnamese Dong	**413**	**–**	**–**	**413**
Burmese Kyat	**567**	**–**	**–**	**567**
Singapore Dollar	**1,511**	**–**	**–**	**1,511**
	9,215	**15,799**	**53**	**25,067**
At 30 June 2020				
Ringgit Malaysia	6,526	200	53	6,779
Chinese Renminbi	1,402	104,021	–	105,423
Vietnamese Dong	421	–	–	421
Burmese Kyat	752	–	–	752
Singapore Dollar	1,888	–	–	1,888
	10,989	104,221	53	115,263

Foreign currency sensitivity

A reasonably possible change of 2% in the US$, HK$ and SGD exchange rates against the functional currency of the Group, with all other variables held constant, would have no material impact on the Group's profit or loss.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Group				
At 31 December 2021				
Trade and other payables	**1,436,297**	**–**	**–**	**1,436,297**
Loans and borrowings:				
Bank overdrafts	**1,601**	**–**	**–**	**1,601**
Revolving financing	**109,129**	**–**	**–**	**109,129**
Bankers' acceptance	**5,864**	**–**	**–**	**5,864**
Term loans	**4,410**	**–**	**–**	**4,410**
Bank loans	**1,177,361**	**18,409**	**–**	**1,195,770**
Lenders from non-financial institutions	**81,899**	**51,140**	**–**	**133,039**
Lease liabilities	**790,731**	**2,240,602**	**1,587,719**	**4,619,052**
Total undiscounted financial liabilities	**3,607,292**	**2,310,151**	**1,587,719**	**7,505,162**
At 30 June 2020				
Trade and other payables *	1,177,251	–	–	1,177,251
Loans and borrowings:				
Bank overdrafts	8,373	–	–	8,373
Revolving financing	86,296	–	–	86,296
Bankers' acceptance	5,985	–	–	5,985
Term loans	–	4,968	–	4,968
Bank loans	327,936	1,604,222	–	1,932,158
Lenders from non-financial institutions	129,775	–	–	129,775
Lease liabilities	809,521	2,708,572	2,305,320	5,823,413
Total undiscounted financial liabilities	2,545,137	4,317,762	2,305,320	9,168,219

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk (continued)

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities: (continued)				
Company				
At 31 December 2021				
Trade and other payables	**1,507**	**–**	**–**	**1,507**
Total undiscounted financial liabilities	**1,507**	**–**	**–**	**1,507**
At 30 June 2020				
Trade and other payables	1,954	–	–	1,954
Total undiscounted financial liabilities	1,954	–	–	1,954

* The deferred lease income is excluded from the trade and other payables.

Corporate guarantee issued by the Company in favour of financial institutions as security for the credit facilities granted to subsidiaries of the Company, were not recognised in the financial statements as no value has been placed on the gurantees provided, considering that the likelihood of the guaranteed parties defaulting within the guaranteed period were assessed to be remote. Further details of the corporate guarantees are disclosed in Note 36.

(d) Credit risk

Credit risk is the risk of loss that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Group and the Company are exposed to credit risk from their operating activities primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's and the Company's management reporting procedures.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk (continued)

Credit risk concentration profile

The Group and the Company determine concentrations of credit risk by monitoring individual profile of their trade receivables on an ongoing basis.

At the reporting date, the Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument.

Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

39. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

(i) Retailing - Operation and management of retail stores in Malaysia, People's Republic of China ("PRC"), Vietnam and Indonesia. The Group had ceased to have control over the subsidiary in Indonesia on 17 May 2021, and accordingly, had ceased to consolidate the subsidiary in the Group's consolidated financial statements effective 17 May 2021 as disclosed in Note 15(a).

(ii) Others - Operation of credit services, food and beverage businesses and investment holding.

Retailing operations of Parkson Haiphong Co Ltd, a wholly-owned subsidiary of PRA in Vietnam, were discontinued during the financial period as disclosed in Note 33.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

39. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows:

2021	Retailing Malaysia RM'000	Retailing PRC RM'000	Retailing Vietnam RM'000	Retailing Indonesia RM'000	Others RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Revenue:								
External customers	720,221	3,999,495	5,597	23,916	70,629	4,819,858	25,451	4,845,309
Inter-segment	–	–	–	–	–	–	–	–
Total revenue	720,221	3,999,495	5,597	23,916	70,629	4,819,858	25,451	4,845,309
Results:								
Segment profit/(loss)	65,426	425,633	27,266	(34,769)	(1,616)	481,940	38,241	520,181
Finance income						93,620	15	93,635
Finance costs						(598,349)	(10,484)	(608,833)
Share of results of associates						7,223	–	7,223
Share of results of joint ventures						(2,165)	–	(2,165)
Effect on deconsolidation of a subsidiary						42,153	–	42,153
Write down of liabilities relating to a subsidiary in bankruptcy						166,233	–	166,233
Impairment loss on:								
- Property, plant and equipment						(67,334)	–	(67,334)
- An investment property						(10,300)	–	(10,300)
- Right-of-use assets						(136,132)	–	(136,132)
- Intangible assets						(25,257)	–	(25,257)
- Amount due from a joint venture						(10,000)	–	(10,000)
(Loss)/profit before tax						(58,368)	27,772	(30,596)
Total assets	958,232	7,998,103	126,969	–	447,485	9,530,789	13,512	9,544,301
Total liabilities	1,012,126	5,271,278	124,231	–	273,367	6,681,002	9,577	6,690,579
Capital expenditure	29,160	274,607	1,307	6	7	305,087	–	305,087

39. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows: (continued)

2020	Retailing Malaysia RM'000	PRC RM'000	Vietnam RM'000	Indonesia RM'000	Others RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Revenue:								
External customers	704,903	2,368,977	6,005	95,924	47,236	3,223,045	28,107	3,251,152
Inter-segment	–	–	–	–	–	–	–	–
Total revenue	704,903	2,368,977	6,005	95,924	47,236	3,223,045	28,107	3,251,152
Results:								
Segment profit/(loss)	4,849	122,894	7,479	(20,353)	(20,408)	94,461	(199)	94,262
Finance income						49,039	264	49,303
Finance costs						(475,771)	(9,758)	(485,529)
Share of results of associates						933	–	933
Share of results of joint ventures						4,502	–	4,502
Gain on disposal of a property						26,143	–	26,143
Impairment loss on:								
- Property, plant and equipment						(66,606)	(5,425)	(72,031)
- An investment property						(18,500)	–	(18,500)
- Right-of-use assets						(132,844)	(16,836)	(149,680)
- Intangible assets						(775)	–	(775)
- Amount due from a joint venture						(750)	–	(750)
Loss before tax						(520,168)	(31,954)	(552,122)
Total assets	931,489	8,612,520	114,188	223,846	452,706	10,334,749	120,797	10,455,546
Total liabilities	1,010,275	6,049,330	158,926	278,863	215,183	7,712,577	119,083	7,831,660
Capital expenditure	18,235	87,584	21,306	1,142	307	128,574	77	128,651

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains the Group's stability and growth in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration of changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. No changes were made in the objective, policies or processes during the financial period ended 31 December 2021 and year ended 30 June 2020.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, lease liabilities, loans and borrowings, less deposits, cash and bank balances and current investment securities. Capital represents total equity of the Group.

	Group		**Company**	
	31.12.2021 RM'000	**30.6.2020 RM'000**	**31.12.2021 RM'000**	**30.6.2020 RM'000**
Lease liabilities (Note 13(b))	**3,249,903**	3,948,948	**–**	–
Loans and borrowings (Note 27)	**1,390,235**	2,031,366	**–**	–
Less: Deposits, cash and bank balances (Note 23)	**(1,309,279)**	(1,754,403)	**(3,422)**	(2,427)
Investment securities - current (Note 22)	**(59,345)**	(142,977)	**–**	–
Net debt/(cash) (A)	**3,271,514**	4,082,934	**(3,422)**	(2,427)
Total equity, representing total capital	**2,853,722**	2,623,886	**2,650,764**	2,668,927
Capital and net debt (B)	**6,125,236**	6,706,820	**2,647,342**	2,666,500
Gearing ratio (A/B)	**53%**	61%	*****	*

* Not applicable as the Company does not have debt.

41. STATUS OF LITIGATIONS

(i) On 15 November 2018, Parkson (Cambodia) Co Ltd ("PCCO"), a wholly-owned subsidiary of Parkson Retail Asia Limited ("PRA") which is in turn a 67.96% owned subsidiary of the Company, commenced arbitration proceedings on Hassan (Cambodia) Development Co Ltd ("Lessor") under Singapore International Arbitration Centre ("SIAC Arbitration") relating to the lease of a planned store in Cambodia ("Premises"). 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 dated 21 April 2016 in respect of the Premises ("Lease Agreement") was lawfully terminated by PCCO, and ordered the Lessor to pay to PCCO approximately US$7.2 million which included:

(a) security deposit of US$2,463,750;

(b) advance rental of US$2,025,000;

(c) costs and expenses incurred by PCCO of US$2,692,253 which had been wasted as a result of the Lessor's breach of the Lease Agreement; and

(d) costs and expenses of the SIAC Arbitration, and legal fees and costs incurred in connection with the 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 had 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 the Case No. 2577 ("Default Judgement") for, *inter alia*:

(a) the Lessor shall forfeit the security deposit and all advance rental paid by PCCO to the Lessor amounting to US$4,488,750; and

(b) PCCO shall pay damages of US$144,504,960 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 the 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 the 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 the Cambodian Appellate Court.

The hearing date for the 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 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 Judgement is only applicable against PCCO and does not extend to the Group. The Default Judgement, if not set aside, will be recorded by the Group although the management is of the view that the execution of which will be limited to the Group's capital contribution in PCCO which had 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.

41. STATUS OF LITIGATIONS (continued)

(ii) On 17 July 2019, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of PRA, received a statutory notice pursuant to Section 466(1)(a) of the Companies Act 2016 ("Notice") from Millennium Mall Sdn Bhd ("MMSB"), the lessor of M Square Mall, claiming for RM1.5 million in alleged outstanding rental and late payment charges. In response to the Notice, PCSB had filed a Fortuna injunction on 29 July 2019, to restrain any filing of a winding-up petition against PCSB.

Subsequently, PCSB had also received a legal letter of demand from MMSB alleging wrongful termination of the lease and claiming an aggregate amount of approximately RM77.9 million in respect of reinstatement costs, rental charges as well as other charges. On 24 October 2019, PCSB served a Notice of Arbitration against MMSB primarily relating to MMSB's default in making payment to PCSB in the sum of about RM2.2 million which arose from the sub-lease arrangements between PCSB and MMSB.

On 8 November 2019, PCSB had received:

(a) MMSB's answers dated 7 November 2019 to PCSB's Notice of Arbitration through its solicitors disputing the claim by PCSB for the sum of approximately RM2.2 million, and had 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; and

(b) a Notice of Arbitration dated 7 November 2019 from MMSB ("MMSB's Notice of Arbitration") claiming against PCSB for, amongst others, the following reliefs:

- costs of reinstatement of the demised premises in the sum of RM57,648,870;
- declaration by the Arbitral Tribunal that PCSB had breached the Sub-Lease Agreement dated 18 June 2015 ("Sub-Lease Agreement") and/or the settlement agreement/letters;
- declaration by the Arbitral Tribunal that the termination notice dated 27 June 2019 issued by MMSB to PCSB is valid and lawful;
- rent for the unexpired initial lease term under the Sub-Lease Agreement in respect of the lease period from 3 September 2019 to 14 January 2024 in the sum of RM18,337,768;
- double rental in the sum of RM666,666 per month from 3 September 2019 until delivery of vacant possession of the reinstated demised premises to MMSB; and
- interest on the damages and costs of proceeding.

41. STATUS OF LITIGATIONS (continued)

(ii) (continued)

On 5 December 2019, PCSB replied to the MMSB's Notice of Arbitration disputing all of the claims by MMSB in the 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 Kuala Lumpur High Court ("Court") on 27 September 2019 ordering a Fortuna Injunction.

On 2 April 2021, PCSB was served with a Writ of Summons and Statement of Claim filed by MMSB in the Court in relation to an alleged breach of a settlement agreement which MMSB alleged was purportedly entered into between PCSB and MMSB on 21 July 2020 ("Suit"). MMSB was claiming for, amongst others, the following reliefs:

- PCSB to pay RM57,648,870 as costs for the restoration of the demised premises to MMSB;

- monthly rental of RM333,333 from November 2020 up to and including one month after the date of judgement by the Court;

- interest at 5% per annum to be calculated on a day-to-day basis on the abovementioned restoration costs and rental from the date of judgement by the Court until the date of full and final settlement;

- costs of the proceedings to be paid by PCSB to MMSB; and

- any other reliefs which the Court deems fit.

PCSB is of the view that there was no settlement reached between the parties to begin with, and therefore, there could not have been a breach of any settlement agreement.

On 26 April 2021, PCSB had filed a Notice of Application to strike out the Suit ("Striking Out Application"). The Court had on 6 January 2022, allowed the Striking Out Application with costs of RM10,000 being awarded to PCSB ("Court's Decision").

MMSB had on 17 January 2022, filed an appeal to the Court of Appeal against the Court's Decision ("Appeal"). The hearing date of the Appeal was fixed on 26 August 2022. PCSB intends to vigorously defend against the Appeal.

41. STATUS OF LITIGATIONS (continued)

(iii) On 23 December 2019, PCSB was served with a Writ and the 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 "EVO Shopping Mall" ("Demised Premises").

PKNS, the landlord of the Demised Premises, has alleged that PCSB has failed to observe its obligation to pay rental for the Demised Premises pursuant to the Tenancy Agreement dated 2 October 2017 entered into between PCSB and PKNS ("Tenancy Agreement") and accordingly, PKNS is claiming for, amongst others, the following reliefs:

(a) payment by PCSB of RM3,659,172 to PKNS, being the accrued monthly rental from 2 April 2018 to 2 December 2019, and thereafter at the rate of RM182,958 per month until the return of the Demised Premises to PKNS;

(b) as an alternative to item (a) above, payment by PCSB of RM3,842,131 to PKNS, being the accrued monthly rental from 27 February 2018 to 27 November 2019, and thereafter at the rate of RM182,958 per month until the return of the Demised Premises to PKNS;

(c) payment by PCSB of RM1,859,600 to PKNS, being the renovation cost contributed by PKNS towards the Demised Premises;

(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 judgement 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 22 May 2020, PCSB filed a court application to strike out the Suit on the grounds that the Suit (a) discloses no reasonable cause of action; (b) is scandalous, frivolous and vexatious; and/or (c) is an abuse of process of the court.

On 29 January 2021, the High Court of Malaya ("High Court") allowed PCSB's application to strike out the Suit and had accordingly struck out the Suit with costs of RM7,000 to be paid by PKNS to PCSB.

On 16 February 2021, PCSB received a notice of appeal from PKNS informing that PKNS had filed an appeal against the decision given by the High Court on 29 January 2021 allowing PCSB's striking out application ("Appeal"). The Court of Appeal had fixed 28 September 2022 as the hearing date for the Appeal.

PCSB took the position that (a) no rental 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 rental without satisfying the conditions precedent is unlawful; and (b) it has a good defence and has instructed its solicitors to vigorously defend against the Appeal.

42. SIGNIFICANT EVENTS

(i) On 11 March 2021, the Company announced the private placement of up to 106,718,000 new ordinary shares in the Company ("Parkson Shares" or "Shares"), representing 10% of the then total number of issued Shares of 1,067,180,170 (excluding 26,721,880 treasury shares held by the Company as at 11 March 2021), to independent third party investor(s) to be identified at an issue price to be determined ("Private Placement"). The Company will utilise the proceeds to be raised from the Private Placement for working capital and estimated expenses for the Private Placement.

Bursa Malaysia Securities Berhad ("Bursa Securities") had vide its letter dated 18 March 2021, approved the listing of and quotation for up to 106,718,000 new Parkson Shares to be issued pursuant to the Private Placement, on the Main Market of Bursa Securities which was valid until 17 September 2021.

The Company had on 27 August 2021, submitted an application to Bursa Securities to seek approval for an extension of time of 6 months from 18 September 2021 to 17 March 2022 for the Company to complete the implementation of the Private Placement ("Application"). Bursa Securities had vide its letter dated 2 September 2021 approved the Application.

Pursuant to the first tranche of the Private Placement of 25,000,000 Parkson Shares, the Company had on 16 December 2021 issued and allotted 25,000,000 new Parkson Shares at RM0.185 per share for cash which had increased the issued share capital of the Company by RM4,625,000.

The details of the second tranche and the completion of the Private Placement are disclosed in Note 43(i) and Note 43(ii) respectively.

(ii) On 8 November 2021, the Company announced the reduction of RM2.0 billion of the issued share capital of the Company by the cancellation of the issued share capital which was lost or unrepresented by available assets pursuant to Section 116 of the Companies Act 2016 ("Share Capital Reduction").

The Share Capital Reduction was duly approved by the Shareholders of the Company at its Extraordinary General Meeting held on 21 December 2021.

Subsequent thereto, the High Court of Malaya in Kuala Lumpur had on 23 December 2021, granted an order confirming the Share Capital Reduction.

An office copy of the sealed order of the High Court of Malaya in Kuala Lumpur confirming the Share Capital Reduction had been lodged with the Registrar of Companies on 27 December 2021. Pursuant thereto, the Share Capital Reduction took effect and was completed on 27 December 2021.

43. SUBSEQUENT EVENTS

(i) Pursuant to the second tranche of the Private Placement of 30,000,000 Parkson Shares, the Company had on 2 March 2022 issued and allotted 30,000,000 new Parkson Shares at RM0.165 per share for cash which had further increased the issued share capital of the Company by RM4,950,000 from RM2,155,629,753 to RM2,160,579,753.

(ii) On 17 March 2022, the Company announced the following:

(a) the approval granted by Bursa Securities for an extension of time up to 17 March 2022 for the Company to complete the implementation of the Private Placement had lapsed on 17 March 2022; and

(b) a total of 55,000,000 Parkson Shares had been issued by the Company and listed on the Main Market of Bursa Securities pursuant thereto.

Following therefrom, the Private Placement was deemed completed on 17 March 2022.

44. COVID-19 DISCLOSURES

The emergence of the COVID-19 pandemic since early 2020 had brought significant economic uncertainties in Malaysia and markets where the Group operates in. The COVID-19 pandemic has resulted in travel restriction, lockdown, social distancing and other precautionary measures imposed in various countries. During the financial period ended 31 December 2021, the Group's retailing operations in the Southeast Asian region have been affected with a series of lockdowns imposed and shuttered businesses amid the spiralling number of COVID-19 cases.

Against the backdrop of these challenging operating environments, the Group continued to take pro-active measures in monitoring and assessing the viability of the Group's retail stores and ventures, besides optimising operating efficiencies and productivity as well as implementing cost rationalisation, such as reducing rental and operating costs.

The Group is actively monitoring and taking appropriate and timely measures to minimise the impact of the COVID-19 pandemic on its operations.

45. COMPARATIVES

The financial statements of the Group and of the Company are made up for a period of 18 months from 1 July 2020 to 31 December 2021. The comparative figures which were prepared for the 12-month period from 1 July 2019 to 30 June 2020, are therefore not comparable.

LIST OF GROUP PROPERTIES

AS AT 31 DECEMBER 2021

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM Million)	Date of Acquisition/ Last Revaluation
1.	44-60, Zhongshan Road Shinan District, Qingdao Shandong Province, China	Leasehold 3.4.2045	76,013.2 sq metres	Commercial building	Shopping complex and office (21)	98.2	June 2004
2.	127, Renmin Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (25)	23.3	June 2004
3.	37, Financial Street Xicheng District Beijing, China	Leasehold 30.10.2047	60,888.6 sq metres	Commercial building	Shopping complex and office (27)	541.2	July 2006
4.	88, Er Dao Street Tie Dong District Anshan City Liaoning Province, China	Leasehold 11.5.2040	42,574.0 sq metres	Commercial building	Shopping complex (34)	167.9	January 2008
5.	The Northeast Corner of Nanmenwai Street and Shenyi Street Heping District Tianjin, China	Leasehold 10.7.2052	61,426.2 sq metres	Commercial building	Shopping complex under construction	485.2	March 2013
6.	Kawasan Bandar XLII Daerah Melaka Tengah Melaka						
	- Lot No. PT 842 HS(D) 72191	Leasehold 28.11.2111	23.2 acres	Land	For mixed development	127.3	December 2012, January 2015
	- Lot No. PT 845 HS(D) 80216	Leasehold 25.5.2113	6 acres	Land	For mixed development	32.9	January 2015
7.	No. 195 Hong Kong East Road Laoshan District, Qingdao Shandong, China	Leasehold 5.12.2050	228,622.0 sq metres	Commercial building	Shopping complex (6)	955.5	December 2015
8.	121, Renmin Zhong Road Wuxi, China	Leasehold November 2052	11,190.9 sq metres	Commercial building	Shopping complex and office (15)	115.9	March 2018

ANALYSIS OF SHAREHOLDINGS

Issued Shares as at 31 March 2022

Total Number of Issued Shares	:	1,148,902,050
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

Distribution of Shareholdings as at 31 March 2022

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	2,906	19.21	90,655	0.01
100 to 1,000	2,380	15.73	1,021,103	0.09
1,001 to 10,000	5,989	39.58	24,765,264	2.16
10,001 to 100,000	3,186	21.06	106,386,824	9.26
100,001 to less than 5% of issued shares	665	4.40	749,717,626	65.25
5% and above of issued shares	3	0.02	266,920,578	23.23
	15,129	100.00	1,148,902,050	100.00

Substantial Shareholders as at 31 March 2022

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shares	Deemed Interest No. of Shares	Deemed Interest % of Shares
1. Tan Sri Cheng Heng Jem	286,923,039	24.97	339,592,650	29.56
2. Lion Industries Corporation Berhad	70,617,853	6.15	233,693,845	20.34
3. LLB Steel Industries Sdn Bhd	–	–	233,693,845	20.34
4. Steelcorp Sdn Bhd	–	–	233,693,845	20.34
5. Amsteel Mills Sdn Bhd	177,559,617	15.45	56,134,228	4.89

Thirty Largest Registered Shareholders as at 31 March 2022

Registered Shareholders	No. of Shares	% of Shares
1. Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Cheng Heng Jem (419450)	143,987,730	12.53
2. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-1	61,689,636	5.37
3. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-2	61,243,212	5.33
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	57,321,709	4.99
5. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	56,226,609	4.89
6. Lion Posim Berhad	56,000,000	4.87
7. CGS-CIMB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Wai Choo (T.Mutiara-CL)	30,750,000	2.68
8. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-3	30,672,692	2.67
9. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Han Joeh	24,962,500	2.17
10. Cartaban Nominees (Tempatan) Sdn Bhd icapital.biz Berhad	22,942,298	2.00
11. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-2	19,530,790	1.70
12. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-1	19,084,365	1.66
13. Cheng Heng Jem	18,578,254	1.62
14. Affin Hwang Nominees (Tempatan) Sdn Bhd Trillionvest Sdn Bhd	18,146,213	1.58
15. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Amsteel Mills Sdn Bhd	14,487,530	1.26
16. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-3	12,577,911	1.09
17. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Trillionvest Sdn Bhd (3rd pty)	12,473,000	1.09
18. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad (LIO0157M)	11,222,649	0.98
19. RHB Nominees (Tempatan) Sdn Bhd Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Cheng Heng Jem	10,808,737	0.94
20. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	10,351,200	0.90
21. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-4	9,466,547	0.82
22. Cheng Yong Kim	9,059,786	0.79
23. Loh Kian Chong	8,000,000	0.70
24. Teo Chin Siong	7,965,100	0.69
25. Maybank Nominess (Tempatan) Sdn Bhd Tan Jenn Hwai	7,924,400	0.69
26. Lion Holdings Private Limited	7,006,526	0.61
27. Lion-Parkson Foundation	5,816,389	0.51
28. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Lion Industries Corporation Berhad	5,512,470	0.48
29. Citigroup Nominees (Asing) Sdn Bhd CGML IPB for ASM Connaught House Fund LP	4,524,065	0.39
30. Maybank Nominees (Asing) Sdn Bhd MTrustee Berhad for Excel Step Investments Limited (419463)	4,218,816	0.37

Directors' Interests in Shares in the Company and its Related Corporations as at 31 March 2022

The Directors' interests in shares in the Company and its related corporations as at 31 March 2022 are as follows:

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
The Company				
Tan Sri Cheng Heng Jem	286,923,039	24.97	339,994,089	29.60
Ooi Kim Lai	197	Negligible	–	–

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	%	No. of Ordinary Shares	%
Related Corporations				
Tan Sri Cheng Heng Jem				
Parkson Myanmar Investment Company Pte Ltd	–	–	2,100,000	70.00
Parkson Retail Asia Limited ("PRA")	500,000	0.07	457,933,300	67.96
Parkson Retail Group Limited	–	–	1,448,270,000 #	54.97
Cheng Hui Yen, Natalie				
PRA	50,000	0.01	–	–

	Deemed Interest	
Investments in the People's Republic of China	Rmb	% of Holdings
Tan Sri Cheng Heng Jem		
Guizhou Shenqi Parkson Retail Development Co Ltd	10,200,000	60.00
Lion Food & Beverage Ventures Limited	3,640,000	91.00
Qingdao No. 1 Parkson Co Ltd	223,796,394	95.91
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00

Note:

\# *Ordinary shares of HK$0.02 each.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 31 March 2022.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

(a) Conditional Option Agreement dated 13 September 2013 and supplemented by the Letters dated 7 February 2014, 2 June 2017, 28 February 2020 and 31 December 2020, and a Supplemental Option Agreement dated 12 May 2014 (collectively, the "Said Option Agreements") entered into between True Excel Investments (Cambodia) Co., Ltd ("True Excel") (a wholly-owned subsidiary of Parkson Holdings Berhad) as grantee and PP.SW Development Co. Ltd ("PP.SW"), a company in which a Director who is also a major shareholder of the Company has interest, as grantor wherein True Excel is granted the option to enter into a lease agreement ("Option to Lease") for the lease of the lower ground floor and first floor of a mall to be constructed at Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia for a term of 50 years with automatic renewal for another 50 years for an indicative refundable deposit of approximately US$42.00 million (equivalent to approximately RM138.60 million) to be satisfied wholly in cash upon the terms and conditions of the Said Option Agreements. The commencement date to exercise the Option to Lease had been extended to 31 December 2022.

(b) Conditional Sale and Purchase Agreement dated 13 September 2013 and supplemented by the Letters dated 7 February 2014, 2 June 2017, 28 February 2020 and 31 December 2020, and a Supplemental Conditional Sale and Purchase Agreement dated 12 May 2014 (collectively, the "Said Sale and Purchase Agreements") entered into between PP.SW as vendor and True Excel as purchaser for the purchase by True Excel of the second to seventh floors of a mall to be constructed in Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia ("Property") for an indicative consideration of approximately US$75.09 million (equivalent to approximately RM247.80 million) to be satisfied wholly in cash upon the terms and conditions of the Said Sale and Purchase Agreements. The handover date of the Property had been extended until 31 December 2022 for PP.SW to complete and hand over the Property to True Excel.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to External Auditors and its affiliated companies for the financial period ended 31 December 2021 by the Group and by the Company were RM8,000 (2020: RM71,000) and RM8,000 (2020: RM13,000) respectively.

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial period ended 31 December 2021 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) Obtaining of management support, office equipment, vehicle component parts, security services and equipment, training and other related products and services	Lion Industries Corporation Berhad Group	758
	Lion Corporation Berhad Group	54
		812
(b) Obtaining of building and construction related products and services	Lion Posim Berhad Group	2

Notes:

"Group" includes subsidiary and associated companies, excluding public companies

The Related Parties are companies in which a Director and certain major shareholders of the Company have substantial interests.

(III) STATUS OF UTILISATION OF PROCEEDS RAISED FROM A CORPORATE EXERCISE

The private placement exercise which had been completed on 17 March 2022 involved the issuance and allotment of a total of 55,000,000 new ordinary shares in the Company. The details and status of the utilisation of total proceeds of approximately RM9.58 million raised therefrom, as at 31 March 2022 are as follows:

Purpose	Proposed Utilisation (RM'Million)	Amount Utilised (RM'Million)	Amount Unutilised (RM'Million)
Working capital requirements of the Group	9.43	8.48	0.95
Expenses for private placement	0.15	0.19	*(0.04)
Total	**9.58**	**8.67**	**0.91**

Note:

* The actual expenses incurred for the private placement was higher than the estimated amount resulting in the difference of approximately RM0.04 million being adjusted from the amount earmarked for working capital of the Group.

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–								

I/We ______________________________

NRIC/Passport/Registration No. ______________________________

of ______________________________

being a member of PARKSON HOLDINGS BERHAD, hereby appoint ______________________________

____

NRIC/Passport No. ______________________________

of ______________________________

or failing whom, ______________________________

NRIC/Passport No. ______________________________

of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the 38th Annual General Meeting of the Company ("38th AGM") to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 25 May 2022 at 10.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To approve Directors' benefits		
3. To re-elect Cik Zainab binti Dato' Hj. Mohamed as Director		
4. To re-elect Mr Liew Jee Min @ Chong Jee Min as Director		
5. To re-elect Mr Ooi Kim Lai as Director		
6. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors		
7. Retention of Cik Zainab binti Dato' Hj. Mohamed as an Independent Non-Executive Director		
8. Authority to Directors to Issue and Allot Shares		
9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this __________ day of ______________________ 2022

No. of shares: ______________________ Signed: ______________________

Representation at Meeting:

(i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 19 May 2022 shall be eligible to participate at the Meeting.

(ii) A member entitled to participate and vote at the Meeting is entitled to appoint not more than 2 proxies to participate and vote instead of him. A proxy need not be a member of the Company.

(iii) If a member appoints 2 proxies, the proportion of his shareholdings represented by each proxy must be specified.

(iv) The instrument appointing a proxy must be in writing under the hand of the appointor or his attorney duly authorised in writing or, if the appointor is a corporation, either under seal or the hand of an officer or attorney duly authorised.

(v) Where a member of the Company is an exempt authorised nominee which holds ordinary shares in the Company for multiple beneficial owners in 1 securities account ("omnibus account"), there is no limit to the number of proxies which the exempt authorised nominee may appoint in respect of each omnibus account it holds.

(vi) The instrument appointing a proxy shall be deposited at the Office of the Poll Administrator of the Company for the Meeting, SS E Solutions Sdn Bhd at Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan not less than 48 hours before the time for holding the Meeting.

(vii) Completed Form of Proxy sent through facsimile transmission or any electronic or digital manner shall not be accepted.

- The 38th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at https://sshsb.net.my/. Please refer to the procedures provided in the Administrative Guide for the 38th AGM for registration, participation and remote voting via the RPV facilities.

PARKSON HOLDINGS BERHAD
Registration No. 198201009470 (89194-P)

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