

## 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

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

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:

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

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

**Tan Sri Cheng Heng Jem  
Deemed Interest**

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

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

	Currency	1.7.2020	Acquired	Disposed	31.12.2021
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**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*

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

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.

<b>Key Audit Matters</b>	<b>How our audit address the Key Audit Matters</b>
<i>Revenue recognition</i>	
<p>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.</p> <p>The Group also recognised deferred revenue of RM15,395,000 as at 31 December 2021 in current liabilities in respect of customer loyalty programme.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>The disclosures for revenue and deferred revenue of the Group are included in Notes 4 and 31 respectively to the financial statements.</p>	<p>Our audit procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>- involved our information technology specialists to test the operating effectiveness of the automated controls of the information technology systems;</li> <li>- 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;</li> <li>- performed procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions;</li> <li>- tested the reconciliation of data between the Point of Sales system and the general ledger to corroborate the completeness of revenue;</li> <li>- assessed the accuracy of deferred revenue recognition using the historical rates of redemption of the customer loyalty points used by management; and</li> <li>- performed cut-off procedures to determine if revenue is recorded in the correct accounting period.</li> </ul>

**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 respect 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

	Note	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
<b>Continuing operations</b>					
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)
<b>Discontinued operations</b>					
Profit/(loss) for the financial period/year from discontinued operations	33	27,772	(31,954)	–	–
<b>Loss for the financial period/year from continuing and discontinued operations</b>		<b>(129,931)</b>	<b>(627,248)</b>	<b>(28,772)</b>	<b>(583,779)</b>

## STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL PERIOD ENDED 31 DECEMBER 2021 (continued)

	Note	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
<b>Loss for the financial period/year attributable to:</b>					
Owners of the parent		(101,800)	(436,354)	(28,772)	(583,779)
Non-controlling interests	15(d)	(28,131)	(190,894)	-	-
		<u>(129,931)</u>	<u>(627,248)</u>	<u>(28,772)</u>	<u>(583,779)</u>
<b>Basic and diluted earnings/(loss) per share (sen):</b>					
Continuing operations	10	(11.20)	(38.86)		
Discontinued operations		1.75	(2.03)		
		<u>(9.45)</u>	<u>(40.89)</u>		

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

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
<b>Assets</b>			
<b>Non-current assets</b>			
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
		<u>7,312,884</u>	<u>8,118,107</u>
<b>Current assets</b>			
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
		<u>2,231,417</u>	<u>2,296,795</u>
Non-current assets classified as held for sale	11(i)(b)	-	40,644
		<u>2,231,417</u>	<u>2,337,439</u>
<b>Total assets</b>		<u><b>9,544,301</b></u>	<u><b>10,455,546</b></u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
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)
		<u>1,700,651</u>	<u>1,586,944</u>
Non-controlling interests	15(d)	1,153,071	1,036,942
<b>Total equity</b>		<u><b>2,853,722</b></u>	<u><b>2,623,886</b></u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021 (continued)

	Note	31.12.2021 RM'000	30.6.2020 RM'000
<b>Equity and liabilities</b> (continued)			
<b>Non-current liabilities</b>			
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
		<u>2,971,313</u>	<u>5,161,520</u>
<b>Current liabilities</b>			
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
		<u>3,719,266</u>	<u>2,670,140</u>
<b>Total liabilities</b>		<u>6,690,579</u>	<u>7,831,660</u>
<b>Total equity and liabilities</b>		<u>9,544,301</u>	<u>10,455,546</u>

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
<b>Assets</b>			
<b>Non-current assets</b>			
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
		<u>2,648,222</u>	<u>2,659,198</u>
<b>Current assets</b>			
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
		<u>7,239</u>	<u>14,669</u>
<b>Total assets</b>		<u><u>2,655,461</u></u>	<u><u>2,673,867</u></u>
<b>Equity and liabilities</b>			
<b>Equity attributable to owners of the parent</b>			
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)
<b>Total equity</b>		<u>2,650,764</u>	<u>2,668,927</u>
<b>Current liabilities</b>			
Trade and other payables	30	1,507	1,954
Amounts due to subsidiaries	32	3,190	2,986
<b>Total liabilities</b>		<u>4,697</u>	<u>4,940</u>
<b>Total equity and liabilities</b>		<u><u>2,655,461</u></u>	<u><u>2,673,867</u></u>

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 →				Total RM'000	Non- controlling interests RM'000	Total equity RM'000
	← Non-distributable →		Retained profits/ losses)				
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25)	Other reserves RM'000 (Note 26)	(accumulated losses) 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
<b>Total comprehensive income/(loss) for the financial period</b>	-	-	198,627	(101,800)	96,827	138,334	235,161
<b>Transactions with owners</b>							
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)
<b>At 31 December 2021</b>	<b>2,155,630</b>	<b>-</b>	<b>(1,409,122)</b>	<b>954,143</b>	<b>1,700,651</b>	<b>1,153,071</b>	<b>2,853,722</b>
At 1 July 2019	4,151,005	(20,903)	(1,573,800)	(495,158)	2,061,144	1,273,131	3,334,275
<b>Total comprehensive loss for the financial year</b>	-	-	(37,846)	(436,354)	(474,200)	(224,868)	(699,068)
<b>Transactions with owners</b>							
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)
<b>At 30 June 2020</b>	<b>4,151,005</b>	<b>(20,903)</b>	<b>(1,610,686)</b>	<b>(932,472)</b>	<b>1,586,944</b>	<b>1,036,942</b>	<b>2,623,886</b>

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 →			Accumulated losses RM'000	Total equity RM'000
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25)	Other reserves RM'000 (Note 26)		
<b>At 1 July 2020</b>	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)
<b>Transactions with owners</b>					
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
<b>At 31 December 2021</b>	<u>2,155,630</u>	<u>-</u>	<u>2,905,831</u>	<u>(2,410,697)</u>	<u>2,650,764</u>
<b>At 1 July 2019</b>	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)
<b>At 30 June 2020</b>	<u>4,151,005</u>	<u>(20,903)</u>	<u>2,905,831</u>	<u>(4,367,006)</u>	<u>2,668,927</u>

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
<b>Cash flows from operating activities</b>				
(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
<b>Cash flows from operating activities</b> (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
<b>Cash flows from investing activities</b>				
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
<b>Cash flows from financing activities</b>				
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	–
<b>Net (decrease)/increase in cash and cash equivalents</b>	(242,611)	(72,076)	995	637
Effects of changes in exchange rates	76,442	4,970	–	–
<b>Cash and cash equivalents at beginning of the financial period/year</b>	973,314	1,040,420	2,427	1,790
<b>Cash and cash equivalents at end of the financial period/year (Note 23)</b>	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:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its investment with the investee; and
- 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:

#### Goodwill

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.

#### Intangible assets

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:

	<b>1.7.2020 to 31.12.2021 RM'000</b>	<b>1.7.2019 to 30.6.2020 RM'000</b>
Retailing - China	<b>24,698</b>	–
Others	<b>559</b>	775
	<b>25,257</b>	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
	<u>67,334</u>	<u>72,031</u>	<u>136,132</u>	<u>149,680</u>

##### (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

	1.7.2020 to 31.12.2021 RM'000	Group 1.7.2019 to 30.6.2020 RM'000
<b>Continuing operations</b>		
Revenue from contracts with customers: <sup>(i)</sup>		
Sales of goods - direct sales	2,986,500	1,961,996
Commissions from concessionaire sales <sup>(ii)</sup>	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
	<b>4,379,668</b>	<b>2,980,285</b>
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
	<b>440,190</b>	<b>242,760</b>
	<b>4,819,858</b>	<b>3,223,045</b>
<b>Discontinued operations</b>		
Revenue from contracts with customers: <sup>(i)</sup>		
Sales of goods - direct sales	1,510	3,335
Commissions from concessionaire sales <sup>(ii)</sup>	16,836	19,566
	<b>18,346</b>	<b>22,901</b>
Revenue from other sources:		
Rental income	7,105	5,206
	<b>25,451</b>	<b>28,107</b>

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
<b>For the financial period ended 31 December 2021</b>					
<b>Continuing operations</b>					
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
	<b>2,986,500</b>	<b>1,357,327</b>	<b>7,932</b>	<b>27,909</b>	<b>4,379,668</b>
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
	<b>2,986,500</b>	<b>1,357,327</b>	<b>7,932</b>	<b>27,909</b>	<b>4,379,668</b>
<b>Discontinued operations</b>					
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
<b>For the financial year ended 30 June 2020</b>					
<b>Continuing operations</b>					
Geographical market:					
Within Malaysia	415,650	277,156	10,934	–	703,740
Outside Malaysia	1,546,346	723,101	–	7,098	2,276,545
	<u>1,961,996</u>	<u>1,000,257</u>	<u>10,934</u>	<u>7,098</u>	<u>2,980,285</u>
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
	<u>1,961,996</u>	<u>1,000,257</u>	<u>10,934</u>	<u>7,098</u>	<u>2,980,285</u>
<b>Discontinued operations</b>					
Geographical market:					
Outside Malaysia	3,335	19,566	–	–	22,901
	<u>3,335</u>	<u>19,566</u>	<u>–</u>	<u>–</u>	<u>22,901</u>
Timing of revenue recognition:					
At a point in time	3,335	19,566	–	–	22,901
	<u>3,335</u>	<u>19,566</u>	<u>–</u>	<u>–</u>	<u>22,901</u>

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
	<u>8,244,079</u>	<u>5,692,170</u>
Commissions from concessionaire sales		
- Continuing operations	1,357,327	1,000,257
- Discontinued operations	16,836	19,566
	<u>1,374,163</u>	<u>1,019,823</u>

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
<b>Continuing operations</b>				
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 <sup>(i)</sup>	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
	<u>588,844</u>	<u>292,409</u>	<u>150</u>	<u>25</u>
<b>Discontinued operations</b>				
Income from lease modification and lease termination	38,250	-	-	-
Others	3,599	1,112	-	-
	<u>41,849</u>	<u>1,112</u>	<u>-</u>	<u>-</u>

(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
<b>Continuing operations</b>				
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
	<u>731,132</u>	<u>522,390</u>	<u>309</u>	<u>643</u>
<b>Discontinued operations</b>				
Wages, salaries and bonuses	1,596	1,774	–	–
Other staff related expenses	1,284	1,446	–	–
	<u>2,880</u>	<u>3,220</u>	<u>–</u>	<u>–</u>

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
<b>Finance income</b>				
<b>Continuing operations</b>				
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	–	–	–
	<u>93,620</u>	<u>49,039</u>	<u>1,565</u>	<u>1,165</u>
<b>Discontinued operations</b>				
Interest income on:				
Short term deposits and others	15	264	–	–
	<u>15</u>	<u>264</u>	<u>–</u>	<u>–</u>

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
<b>Finance costs</b>				
<b>Continuing operations</b>				
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	-	-
	<u>598,349</u>	<u>475,771</u>	<u>-</u>	<u>163</u>
<b>Discontinued operations</b>				
Interest expenses on:				
Lease liabilities	10,405	9,476	-	-
Others	79	282	-	-
	<u>10,484</u>	<u>9,758</u>	<u>-</u>	<u>-</u>

## 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
<b>Continuing operations</b>				
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
<b>Discontinued operations</b>				
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)	-	-
	<u>5,041</u>	<u>3,178</u>	<u>569</u>	<u>364</u>

\* 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
<b>Continuing operations</b>				
Executive Directors:				
Fees	371	282	112	75
Salaries and other emoluments	4,349	2,690	196	116
Pension costs - defined contribution plans	60	33	-	-
	<u>4,780</u>	<u>3,005</u>	<u>308</u>	<u>191</u>
Non-executive Directors:				
Fees	211	140	211	140
Other emoluments	50	33	50	33
	<u>261</u>	<u>173</u>	<u>261</u>	<u>173</u>
Total Directors' remuneration (Note 8(a))	<u>5,041</u>	<u>3,178</u>	<u>569</u>	<u>364</u>



**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
<b>Continuing operations</b>				
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
<b>Continuing operations</b>				
Income tax:				
Malaysian income tax	13,445	6,476	23	40
Foreign tax	147,207	100,590	–	–
	<u>160,652</u>	<u>107,066</u>	<u>23</u>	<u>40</u>
(Over)/under provision in prior years	(4,777)	1,220	(71)	–
	<u>155,875</u>	<u>108,286</u>	<u>(48)</u>	<u>40</u>
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	–	–
	<u>(56,540)</u>	<u>(33,160)</u>	<u>–</u>	<u>–</u>
Total income tax expense/(credit)	<u>99,335</u>	<u>75,126</u>	<u>(48)</u>	<u>40</u>

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)	-	-
	<b>(30,596)</b>	<b>(552,122)</b>	<b>(28,820)</b>	<b>(583,739)</b>
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)	<b>99,335</b>	<b>75,126</b>	<b>(48)</b>	<b>40</b>

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.

	<b>1.7.2020 to 31.12.2021</b>	<b>Group 1.7.2019 to 30.6.2020</b>
Profit/(loss) for the financial period/year attributable to owners of the parent (RM'000):		
- Continuing operations	<b>(120,674)</b>	(414,638)
- Discontinued operations	<b>18,874</b>	(21,716)
	<b>(101,800)</b>	(436,354)
Weighted average number of ordinary shares in issue ('000)	<b>1,077,460</b>	1,067,180
Basic earnings/(loss) per share (sen):		
- Continuing operations	<b>(11.20)</b>	(38.86)
- Discontinued operations	<b>1.75</b>	(2.03)
	<b>(9.45)</b>	(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 <sup>(i)</sup> RM'000	Land RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations <sup>(ii)</sup> RM'000	Capital work-in- progress <sup>(iii)</sup> RM'000	Total RM'000
<b>At 31 December 2021</b>							
<b>Cost</b>							
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
<b>Accumulated depreciation</b>							
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
<b>Accumulated impairment loss</b>							
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
<b>Net book value</b>							
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 <sup>(i)</sup> RM'000	Land RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations <sup>(ii)</sup> RM'000	Capital work-in- progress <sup>(iii)</sup> RM'000	Total RM'000
<b>At 30 June 2020</b>							
<b>Cost</b>							
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
<b>Accumulated depreciation</b>							
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
<b>Accumulated impairment loss</b>							
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
<b>Net book value</b>							
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
<b>Cost</b>		
At beginning/end of the financial period/year	9	9
<b>Accumulated depreciation</b>		
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
<b>Net book value</b>		
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	<b>171,765</b>	128,531	–	–
Provisions for restoration costs (Note 29)	<b>(1,687)</b>	(5,507)	–	–
Cash payments during the financial period/year	<b>170,078</b>	123,024	–	–



## 12. INVESTMENT PROPERTIES

Group	← 31.12.2021 →			← 30.6.2020 →		
	Completed investment properties <sup>(i)</sup> RM'000	IPUC <sup>(ii)</sup> RM'000	Total RM'000	Completed investment properties <sup>(i)</sup> RM'000	IPUC <sup>(ii)</sup> RM'000	Total RM'000
<b>Cost</b>						
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	<u>424,966</u>	<u>194,033</u>	<u>618,999</u>	<u>269,361</u>	<u>194,033</u>	<u>463,394</u>
<b>Accumulated depreciation</b>						
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	<u>78,767</u>	<u>–</u>	<u>78,767</u>	<u>64,371</u>	<u>–</u>	<u>64,371</u>
<b>Accumulated impairment loss</b>						
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	<u>–</u>	<u>33,833</u>	<u>33,833</u>	<u>–</u>	<u>23,533</u>	<u>23,533</u>
<b>Net book value</b>						
At end of the financial period/year	<u>346,199</u>	<u>160,200</u>	<u>506,399</u>	<u>204,990</u>	<u>170,500</u>	<u>375,490</u>
<b>Fair value</b>						
At end of the financial period/year	<u>2,095,040</u>	<u>160,200</u>	<u>2,255,240</u>	<u>1,824,676</u>	<u>170,500</u>	<u>1,995,176</u>

12. INVESTMENT PROPERTIES (continued)

	1.7.2020 to 31.12.2021 RM'000	Group 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
<b>At 1 July 2020</b>	<b>226,815</b>	<b>2,975,957</b>	<b>5,724</b>	<b>361</b>	<b>3,208,857</b>
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
<b>At 31 December 2021</b>	<b>232,132</b>	<b>2,309,311</b>	<b>5,751</b>	<b>361</b>	<b>2,547,555</b>
<b>At 1 July 2019</b>	<b>255,750</b>	<b>3,338,042</b>	<b>2,438</b>	<b>455</b>	<b>3,596,685</b>
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
<b>At 30 June 2020</b>	<b>226,815</b>	<b>2,975,957</b>	<b>5,724</b>	<b>361</b>	<b>3,208,857</b>

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:

	31.12.2021	Group 30.6.2020
	RM'000	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	<u>3,249,903</u>	<u>3,948,948</u>
Disclosed as:		
Current	508,000	514,001
Non-current	2,741,903	3,434,947
	<u>3,249,903</u>	<u>3,948,948</u>

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
<b>Cost</b>					
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	<b>1,538,548</b>	<b>19,441</b>	<b>387</b>	<b>47,813</b>	<b>1,606,189</b>
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	<b>1,622,374</b>	<b>17,019</b>	<b>388</b>	<b>51,286</b>	<b>1,691,067</b>
<b>Accumulated amortisation</b>					
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	–	<b>17,855</b>	<b>172</b>	<b>11,920</b>	<b>29,947</b>
Amortisation	–	337	1	415	753
Deconsolidation of a subsidiary	–	(2,337)	–	–	(2,337)
Exchange differences	–	764	–	848	1,612
At 31 December 2021	–	<b>16,619</b>	<b>173</b>	<b>13,183</b>	<b>29,975</b>
<b>Accumulated impairment loss</b>					
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	<b>277,850</b>	<b>296</b>	–	<b>34,492</b>	<b>312,638</b>
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	<b>309,218</b>	<b>297</b>	–	<b>38,103</b>	<b>347,618</b>
<b>Net carrying amount</b>					
At 31 December 2021	<b>1,313,156</b>	<b>103</b>	<b>215</b>	–	<b>1,313,474</b>
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 RM'000	30.6.2020 RM'000
<b>Cost</b>		
At beginning/end of the financial period/year	135	135
<b>Accumulated amortisation and impairment loss</b>		
At beginning/end of the financial period/year	107	107
<b>Net carrying amount</b>		
At end of the financial period/year	<u>28</u>	<u>28</u>

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 %
<b>CGU</b>		
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:

	<b>Malaysia RM'000</b>	<b>PRC RM'000</b>	<b>Total RM'000</b>
<b>Retailing</b>			
At 31 December 2021	<b>19,722</b>	<b>1,293,434</b>	<b>1,313,156</b>
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 <sup>(i)</sup>	7,195,821	7,197,016
Share option granted to employees of subsidiaries	23,936	23,951
	<hr/>	<hr/>
	7,219,757	7,220,967
Less: Accumulated impairment loss	(4,571,583)	(4,570,718)
	<hr/>	<hr/>
	2,648,174	2,650,249
	<hr/>	<hr/>
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
	<hr/>	<hr/>
At end of the financial period/year	4,571,583	4,570,718
	<hr/>	<hr/>

# 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 *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
<u>Held by the Company (Parkson Holdings Berhad)</u>						
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
<u>Held by the Company (Parkson Holdings Berhad) (continued)</u>						
Puncak Pelita Sdn Bhd <i>f</i>	Malaysia	Investment holding	100	100	–	–
Corporate Code Sdn Bhd	Malaysia	Investment holding	100	100	–	–
<u>Subsidiaries of East Crest International Limited</u>						
PRG Corporation Limited <i>f</i>	British Virgin Islands	Investment holding	100	100	–	–
Serbadagang Holdings Sdn Bhd <i>f</i>	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") <i>f</i> $\beta$	Singapore	Investment holding	68	68	32	32
Parkson Services Pte Ltd <i>f</i>	Singapore	Intellectual property holding	100	100	–	–
<u>Subsidiary of Parkson Vietnam Investment Holdings Co Ltd</u>						
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 *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
<u>Subsidiaries of Parkson Properties Holdings Co Ltd</u>						
Parkson Properties NDT (Emperor) Co Ltd **	British Virgin Islands	Dormant	<b>100</b>	100	–	–
Parkson Properties Hanoi Co Ltd **	British Virgin Islands	Dormant	<b>100</b>	100	–	–
<u>Subsidiaries of Prime Yield Holdings Limited</u>						
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	–	–
Gema Binari Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	–	–
Parkson Credit Holdings Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	–	–
Prestasi Serimas Sdn Bhd	Malaysia	Operation of food and beverage businesses	<b>100</b>	100	–	–
<u>Subsidiary of PRG Corporation Limited</u>						
Parkson Retail Group Limited ("PRGL") + @	Cayman Islands	Investment holding	<b>54.6</b> <b>*1 0.4</b>	54.6 <b>*1 0.4</b>	<b>45.0</b>	45.0
<u>Subsidiary of PRGL</u>						
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	<b>100</b>	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
<u>Subsidiaries of Grand Parkson Retail Group Limited</u>						
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 <sup>f</sup>	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
<u>Subsidiaries of Grand Parkson Retail Group Limited</u> (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 <i>f</i>	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 *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
<u>Subsidiaries of Grand Parkson Retail Group Limited</u> (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	–	–
<u>Subsidiary of Leonemas International Limited</u>						
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Leonemas (Hong Kong) Limited</u>						
Qingdao Lion Plaza Retail Management Co Ltd +	People's Republic of China	Property management	100	100	–	–
<u>Subsidiary of Malverest Trading International Limited</u>						
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Malverest (Hong Kong) Limited</u>						
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 *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
<u>Subsidiaries of Parkson Retail Development Co Ltd</u>						
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	-	-
<u>Subsidiary of Oroleon International Limited</u>						
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	100	100	-	-
<u>Subsidiaries of Oroleon (Hong Kong) Limited</u>						
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	-	-
<u>Subsidiary of Parkson Retail Laos Holdings Sdn Bhd</u>						
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
<u>Subsidiary of Releomont (Hong Kong) Limited</u>						
Anshan Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
<u>Subsidiaries of Exonbury Limited</u>						
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Provision of consultancy services	<b>100</b>	100	–	–
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	<b>100</b>	100	–	–
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	<b>70</b> *6 <b>30</b>	70 *6 30	–	–
Jinan Lion Consultant Management Co Ltd +	People's Republic of China	Provision of consultancy and management services	<b>100</b>	100	–	–
Jiaxing Lion Retail Management Co Ltd +	People's Republic of China	Provision of consultancy and management services	<b>100</b>	100	–	–
<u>Subsidiary of Hong Kong Fen Chai Investment Limited</u>						
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	<b>91</b> *7 <b>9</b>	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 *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
<u>Subsidiaries of Xi'an Lucky King Parkson Plaza Co Ltd</u>						
Xi'an Chang'an Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	<b>51</b> *8 49	51 *8 49	–	–
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	<b>51</b> *8 49	51 *8 49	–	–
Shanxi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
<u>Subsidiaries of Shanghai Lion Parkson Investment Consultant Co Ltd</u>						
Shanghai Shijie Fashions Co Ltd +	People's Republic of China	Sale of apparel	<b>100</b>	100	–	–
Shanghai Lion Parkson Management Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	<b>100</b>	100	–	–
<u>Subsidiary of Shanghai Lion Parkson Management Consultant Co Ltd</u>						
Shanghai Shihong Supermarket Co Ltd +	People's Republic of China	Operation of gourmet supermarkets	<b>100</b>	100	–	–
<u>Subsidiaries of Parkson Investment Holdings Co Ltd</u>						
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
Lanzhou Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	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
<u>Subsidiaries of Parkson Investment Holdings Co Ltd (continued)</u>						
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	–	–	–
<u>Subsidiaries of Shanghai Xinzhuang Parkson Retail Development Co Ltd</u>						
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	–	–
<u>Subsidiary of Parkson Investment Pte Ltd</u>						
Rosenblum Investments Pte Ltd f	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
<u>Subsidiaries of Parkson Supplies Pte Ltd</u>						
Chongqing Wanyou Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
Mianyang Fulin Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	<b>60</b> *9 <b>40</b>	60 *9 40	–	–
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
<u>Subsidiary of Creation International Investment &amp; Development Limited</u>						
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Provision of consultancy services	<b>100</b>	100	–	–
<u>Subsidiaries of Step Summit Limited</u>						
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>60</b>	60	<b>40</b>	40
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
Guizhou Tongren Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	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
<u>Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd</u>						
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	–	–
<u>Subsidiaries of Shanghai Delight Food &amp; Beverage Management Co Ltd</u>						
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 *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
<u>Subsidiaries of Hefei Parkson Xiaoyao Plaza Co Ltd</u>						
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operation of department stores	<b>51</b> *10 49	51 *10 49	–	–
Qingdao Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
<u>Subsidiary of Global Heights Investment Limited</u>						
Asia Victory International Limited **	British Virgin Islands	Domestic and cross-border trade	<b>100</b>	100	–	–
<u>Subsidiary of Asia Victory International Limited</u>						
Shunhe International Investment Limited +	Hong Kong SAR	Provision of consultancy services	<b>100</b>	100	–	–
<u>Subsidiary of Shunhe International Investment Limited</u>						
Kunming Yun Shun He Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
<u>Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd</u>						
Guizhou Zunyi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>90</b> *11 10	90 *11 10	–	–
Liupanshui Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	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
<u>Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd (continued)</u>						
Suzhou Parkson Changfa Commercial Management Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
Panzhuhua Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
Tianjin Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores and property management	<b>60</b> <i>*12 20</i> <i>*13 20</i>	60 <i>*12 20</i> <i>*13 20</i>	–	–
Parkson Business Commerce Sole Co Ltd **	Lao People's Democratic Republic	Operation of department stores	<b>100</b>	100	–	–
<u>Subsidiaries of Golden Village Group Limited</u>						
Duo Success Investments Limited **	British Virgin Islands	Investment holding	<b>100</b>	100	–	–
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
Jiangxi Parkson Shopping Centre Management Co Ltd +	People's Republic of China	Property management	<b>100</b>	100	–	–
<u>Subsidiary of Duo Success Investments Limited</u>						
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	<b>100</b>	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
<u>Subsidiary of Lung Shing International Investments &amp; Development Limited</u>						
Anshan Lung Shing Property Services Co Ltd +	People's Republic of China	Property management	100	100	–	–
<u>Subsidiary of Capital Park Development Limited</u>						
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	100	100	–	–
<u>Subsidiary of Capital Park (HK) Investment &amp; Development Limited</u>						
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	60	60	40	40
<u>Subsidiary of Bond Glory Limited</u>						
Choice Link Limited ** (Dissolved on 17.9.2021)	British Virgin Islands	Investment holding	–	100	–	–
<u>Subsidiary of Victor Crest Limited</u>						
Wide Crest Limited **	British Virgin Islands	Investment holding	100	100	–	–
<u>Subsidiaries of Wide Crest Limited</u>						
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 <sup>f</sup>	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
<u>Subsidiary of Wide Field International Limited</u>						
Shenyang Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
<u>Subsidiary of Sea Coral Limited</u>						
Dalian Parkson Retail Development Co Ltd **	People's Republic of China	Operation of department stores	<b>100</b>	100	–	–
<u>Subsidiary of Parkson Venture Pte Ltd</u>						
Qingdao No. 1 Parkson Co Ltd +	People's Republic of China	Operation of department stores	<b>95.9</b>	95.9	<b>4.1</b>	4.1
<u>Subsidiary of Lion Food &amp; Beverage Ventures Limited</u>						
Parkson Food & Beverage Ventures Limited +	Hong Kong SAR	Investment holding	<b>100</b>	100	–	–
<u>Subsidiary of Parkson Food &amp; Beverage Ventures Limited</u>						
Shanghai Lion Food and Beverage Management Co Ltd +	People's Republic of China	Food and beverage management services	<b>100</b>	100	–	–
<u>Subsidiary of Victory Hope Limited</u>						
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	<b>70</b> *14 <b>30</b>	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 *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
<u>Subsidiary of Nanning Brilliant Parkson Commercial Co Ltd</u>						
Wuzhou Fashion Parkson Business Management Co Ltd <sup>^ **</sup>	People's Republic of China	Operation of department stores	100	–	–	–
<u>Subsidiary of Great Dignity Development Limited</u>						
Shantou Parkson Commercial Co Ltd <sup>+</sup>	People's Republic of China	Operation of department stores	100	100	–	–
<u>Subsidiaries of PRA</u>						
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores and related trading activities including e-commerce activities	100	100	–	–
Centro Retail Pte Ltd <sup>f</sup>	Singapore	Investment holding	100	100	–	–
PT Tozy Sentosa (In Bankruptcy) (Note 15(a))	Indonesia	Ceased operation	90 <sup>*15</sup> 10	90 <sup>*15</sup> 10	–	–
Parkson Myanmar Co Pte Ltd <sup>f</sup>	Singapore	Investment holding	100	100	–	–
Parkson Yangon Company Limited <sup>**</sup>	Myanmar	Dormant	95 <sup>*16</sup> 5	95 <sup>*16</sup> 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
<u>Subsidiaries of Parkson Corporation Sdn Bhd</u>						
Parkson Vietnam Co Ltd <i>f</i>	Vietnam	Operation of department stores	<b>100</b>	100	–	–
Parkson Haiphong Co Ltd <i>f</i>	Vietnam	Operation of department stores	<b>100</b>	100	–	–
Kiara Innovasi Sdn Bhd ** (Dissolved on 12.10.2021)	Malaysia	Ceased operation	–	100	–	–
Parkson Cambodia Holdings Co Ltd **	British Virgin Islands	Investment holding	<b>100</b>	100	–	–
Parkson SGN Co Ltd <i>f</i>	Vietnam	Dormant	<b>100</b>	100	–	–
Parkson Edutainment World Sdn Bhd	Malaysia	Dormant	<b>100</b>	100	–	–
Parkson Lifestyle Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	<b>100</b>	100	–	–
Parkson Unlimited Beauty Sdn Bhd	Malaysia	Import, operate and distribute fragrance and beauty care products	<b>100</b>	100	–	–
Parkson Private Label Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	<b>100</b>	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
<u>Subsidiaries of Parkson Corporation Sdn Bhd (continued)</u>						
Parkson Trading (Vietnam) Company Limited <i>f</i>	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	–	–
<u>Subsidiary of Parkson Vietnam Co Ltd</u>						
Parkson Vietnam Management Services Co Ltd <i>f</i>	Vietnam	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	100	100	–	–
<u>Subsidiary of Parkson Cambodia Holdings Co Ltd</u>						
Parkson (Cambodia) Co Ltd **	Cambodia	Dormant	100	100	–	–
<u>Subsidiary of Parkson Myanmar Co Pte Ltd</u>						
Parkson Myanmar Investment Company Pte Ltd <i>f</i>	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 *		% of ownership interest held by non-controlling interests *	
			31.12.2021	30.6.2020	31.12.2021	30.6.2020
<u>Subsidiaries of Parkson Myanmar Investment Company Pte Ltd</u>						
Parkson Myanmar Asia Pte Ltd <sup>f</sup>	Singapore	Investment holding	<b>100</b>	100	–	–
Myanmar Parkson Company Limited **	Myanmar	Dormant	<b>90</b> <sup>*17</sup> <b>10</b>	90 <sup>*17</sup> 10	–	–
<u>Subsidiary of Parkson TSN Holdings Co Ltd</u>						
Parkson HBT Properties Co Ltd **	Vietnam	Real estate consulting and management services	<b>100</b>	100	–	–
<u>Subsidiaries of Dyna Puncak Sdn Bhd</u>						
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	–	–
Magna Rimbun Sdn Bhd	Malaysia	Investment holding	<b>100</b>	100	–	–
True Excel Investments Limited **	British Virgin Islands	Investment holding	<b>100</b>	100	–	–
<u>Subsidiary of Idaman Erajuta Sdn Bhd</u>						
Festival City Sdn Bhd	Malaysia	Operation of department stores and property management	<b>100</b>	100	–	–
<u>Subsidiary of Magna Rimbun Sdn Bhd</u>						
Megan Mastika Sdn Bhd	Malaysia	Property management and investment holding	<b>100</b>	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
<u>Subsidiary of Megan Mastika Sdn Bhd</u>						
Dimensi Andaman Sdn Bhd <sup>f</sup>	Malaysia	Investment holding, property development and project management	100	100	–	–
<u>Subsidiary of True Excel Investments Limited</u>						
True Excel Investments (Cambodia) Co Ltd **	Cambodia	Investment holding	100	100	–	–
<u>Subsidiary of Gema Binari Sdn Bhd</u>						
Parkson Branding Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	100	100	–	–
<u>Subsidiaries of Parkson Branding Sdn Bhd</u>						
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	–	–
<u>Subsidiary of Prestasi Serimas Sdn Bhd</u>						
Ombrello Resources Sdn Bhd <sup>f</sup>	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 (f) 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:

	<b>Group 2021 RM'000</b>
Property, plant and equipment	42,698
Inventories	312
Receivables	4,988
Cash and cash equivalents	1,903
Payables	(51,416)
Lease liabilities	(40,638)
	<hr/>
Net liabilities deconsolidated, representing effect on deconsolidation of a subsidiary	(42,153)
	<hr/> <hr/>
Cash and cash equivalents of the subsidiary, representing net cash outflow on deconsolidation of a subsidiary	(1,903)
	<hr/> <hr/>

(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:

	<b>Group 2021 RM'000</b>
Receivables	216,542
Cash and cash equivalents	131
Payables	(216,700)
	<hr/>
Net liabilities disposed	(27)
	<hr/> <hr/>
Cash consideration	170
Net liabilities disposed	27
	<hr/>
Gain on disposal of a subsidiary	197
	<hr/> <hr/>
Cash consideration	170
Cash and cash equivalents of subsidiary disposed	(131)
	<hr/>
Net cash inflow of the Group	39
	<hr/> <hr/>



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:

	<b>Group 2020 RM'000</b>
Property, plant and equipment	215
Inventories	599
Receivables	535
Cash and cash equivalents	1,496
Payables	(88)
Deferred tax liabilities	(11)
	<hr/>
	2,746
Non-controlling interests derecognised	(1,098)
	<hr/>
Net assets disposed	1,648
	<hr/> <hr/>
Cash consideration	1,100
Net assets disposed	(1,648)
	<hr/>
Loss on disposal of a subsidiary	(548)
	<hr/> <hr/>
Cash consideration	1,100
Cash and cash equivalents of subsidiary disposed	(1,496)
	<hr/>
Net cash outflow of the Group	(396)
	<hr/> <hr/>

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.

	31.12.2021 RM'000	Group 30.6.2020 RM'000
<b>Accumulated net assets/(liabilities) balances of non-controlling interests:</b>		
PRA	(48,437)	(65,118)
PRGL	1,201,508	1,102,060
Total	<u>1,153,071</u>	<u>1,036,942</u>
	1.7.2020 to 31.12.2021 RM'000	Group 1.7.2019 to 30.6.2020 RM'000
<b>Profit/(loss) allocated to non-controlling interests:</b>		
PRA	14,287	(82,851)
PRGL	(42,418)	(107,870)
Other individually immaterial subsidiaries	–	(173)
Total	<u>(28,131)</u>	<u>(190,894)</u>

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.

	2021 RM'000	PRA 2020 RM'000	2021 RM'000	PRGL 2020 RM'000
(i) <u>Summarised statements of financial position</u>				
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	<u>(150,340)</u>	<u>(202,192)</u>	<u>2,642,455</u>	<u>2,444,435</u>
Attributable to non-controlling interests	<u>(48,437)</u>	<u>(65,118)</u>	<u>1,201,508</u>	<u>1,102,060</u>
(ii) <u>Summarised statements of profit or loss</u>				
Revenue	762,647	818,036	4,061,079	2,403,571
Profit/(loss) for the financial period/year	<u>43,390</u>	<u>(257,952)</u>	<u>(112,154)</u>	<u>(257,758)</u>
Attributable to non-controlling interests	<u>14,287</u>	<u>(82,851)</u>	<u>(42,418)</u>	<u>(107,870)</u>
Dividends paid to non-controlling interests	<u>–</u>	<u>–</u>	<u>(15,934)</u>	<u>(10,223)</u>

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	2020	2021	2020
	RM'000	RM'000	RM'000	RM'000
(iii) <u>Summarised statements of other comprehensive income</u>				
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)
	<u>2,303</u>	<u>(1,181)</u>	<u>164,067</u>	<u>(32,070)</u>
(iv) <u>Summarised statements of cash flows</u>				
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)
	<u>(261,694)</u>	<u>(174,690)</u>	<u>(1,456,404)</u>	<u>(1,095,286)</u>
Net increase/(decrease) in cash and cash equivalents	177,171	(147,847)	(399,022)	86,954
	<u>177,171</u>	<u>(147,847)</u>	<u>(399,022)</u>	<u>86,954</u>

## 16. INVESTMENTS IN ASSOCIATES

	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)
	<u>32,452</u>	<u>25,448</u>
Exchange differences	989	1,151
	<u>33,441</u>	<u>26,599</u>
Accumulated impairment loss: At beginning/end of the financial period/year	<u>10,987</u>	<u>10,987</u>

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	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.

	<b>Parkson Newcore RM'000</b>	<b>Shanghai Nine Sea RM'000</b>	<b>Total RM'000</b>
<b>2021</b>			
(i) <u>Summarised statements of financial position</u>			
Non-current assets	212,528	42	212,570
Current assets	160,922	9,314	170,236
Total assets	<u>373,450</u>	<u>9,356</u>	<u>382,806</u>
Non-current liabilities	212,646	–	212,646
Current liabilities	95,813	4,799	100,612
Total liabilities	<u>308,459</u>	<u>4,799</u>	<u>313,258</u>
Net assets	<u>64,991</u>	<u>4,557</u>	<u>69,548</u>
(ii) <u>Summarised statements of profit or loss</u>			
Revenue	821,616	29,437	851,053
Profit for the financial period	<u>14,348</u>	<u>550</u>	<u>14,898</u>
(iii) Dividend received from an associate	<u>–</u>	<u>(219)</u>	<u>(219)</u>
(iv) Group's share of net assets, representing carrying amount of Group's interest in associates	<u>31,846</u>	<u>1,595</u>	<u>33,441</u>
(v) Group's share of results of associates	<u>7,030</u>	<u>193</u>	<u>7,223</u>

**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)

	<b>Parkson Newcore RM'000</b>	<b>Shanghai Nine Sea RM'000</b>	<b>Total RM'000</b>
<b>2020</b>			
(i) <u>Summarised statements of financial position</u>			
Non-current assets	261,537	30	261,567
Current assets	98,117	9,080	107,197
Total assets	<u>359,654</u>	<u>9,110</u>	<u>368,764</u>
Non-current liabilities	210,454	–	210,454
Current liabilities	97,962	4,844	102,806
Total liabilities	<u>308,416</u>	<u>4,844</u>	<u>313,260</u>
Net assets	<u>51,238</u>	<u>4,266</u>	<u>55,504</u>
(ii) <u>Summarised statements of profit or loss</u>			
Revenue	459,101	17,021	476,122
Profit for the financial year	1,655	347	2,002
(iii) Dividend received from an associate	<u>–</u>	<u>(59)</u>	<u>(59)</u>
(iv) Group's share of net assets, representing carrying amount of Group's interest in associates	<u>25,106</u>	<u>1,493</u>	<u>26,599</u>
(v) Group's share of results of associates	<u>811</u>	<u>122</u>	<u>933</u>

**16. INVESTMENTS IN ASSOCIATES** (continued)

The summarised aggregate financial information of the Group's other individually non-material associates is set out below:

	<b>1.7.2020 to 31.12.2021 RM'000</b>	<b>Group 1.7.2019 to 30.6.2020 RM'000</b>
Loss for the financial period/year	<u>(1,524)</u>	<u>(1,410)</u>
Group's share of current year's unrecognised loss	<u>(607)</u>	<u>(564)</u>
Group's cumulative share of unrecognised loss	<u>(4,243)</u>	<u>(3,636)</u>

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**

	<b>31.12.2021 RM'000</b>	<b>Group 30.6.2020 RM'000</b>
Unquoted shares in Malaysia, at cost	<b>19,300</b>	19,300
Unquoted shares outside Malaysia, at cost	<b>4,675</b>	4,675
Share of post-acquisition reserves	<b>(10,759)</b>	(1,195)
Less: Accumulated impairment loss	<b>(7,741)</b>	(7,741)
	<u><b>5,475</b></u>	<u>15,039</u>
Exchange differences	<b>4,142</b>	2,890
	<u><b>9,617</b></u>	<u>17,929</u>
Accumulated impairment loss: At beginning/end of the financial period/year	<u><b>7,741</b></u>	<u>7,741</u>



## 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
<b>2021</b>			
(i) <u>Summarised statements of financial position</u>			
Non-current assets	6,423	5,268	11,691
Current assets	45,648	85,002	130,650
Total assets	<u>52,071</u>	<u>90,270</u>	<u>142,341</u>
Non-current liabilities	–	1,101	1,101
Current liabilities	51,050	70,312	121,362
Total liabilities	<u>51,050</u>	<u>71,413</u>	<u>122,463</u>
Net assets	<u>1,021</u>	<u>18,857</u>	<u>19,878</u>
(ii) <u>Summarised statements of profit or loss</u>			
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	<u>–</u>	<u>9,617</u>	<u>9,617</u>
(v) Group's share of results of joint ventures	<u>–</u>	<u>(2,165)</u>	<u>(2,165)</u>

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
<b>2020</b>			
(i) <u>Summarised statements of financial position</u>			
Non-current assets	7,238	5,158	12,396
Current assets	55,886	93,663	149,549
Total assets	<u>63,124</u>	<u>98,821</u>	<u>161,945</u>
Non-current liabilities	–	1,019	1,019
Current liabilities	63,783	62,648	126,431
Total liabilities	<u>63,783</u>	<u>63,667</u>	<u>127,450</u>
Net (liabilities)/assets	<u>(659)</u>	<u>35,154</u>	<u>34,495</u>
(ii) <u>Summarised statements of profit or loss</u>			
Revenue	34,567	87,404	121,971
(Loss)/profit for the financial year	<u>(2,062)</u>	<u>10,033</u>	<u>7,971</u>
(iii) Dividend received from a joint venture	<u>–</u>	<u>(9,191)</u>	<u>(9,191)</u>
(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	<u>–</u>	<u>17,929</u>	<u>17,929</u>
(v) Group's share of results of joint ventures	<u>–</u>	<u>5,117</u>	<u>5,117</u>

**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:

	<b>1.7.2020</b> <b>to</b> <b>31.12.2021</b> <b>RM'000</b>	<b>Group</b> <b>1.7.2019</b> <b>to</b> <b>30.6.2020</b> <b>RM'000</b>
Loss for the financial period/year	<b>(1,685)</b>	(1,230)
Group's share of results of joint ventures	-	(615)

**18. DEFERRED TAX ASSETS/(LIABILITIES)**

	<b>31.12.2021</b> <b>RM'000</b>	<b>Group</b> <b>30.6.2020</b> <b>RM'000</b>
At beginning of the financial period/year	<b>7,424</b>	(25,813)
Recognised in profit or loss (Note 9)	<b>56,540</b>	33,160
Disposal of equity interest in a subsidiary	-	11
Exchange differences	<b>(318)</b>	66
At end of the financial period/year	<b>63,646</b>	7,424
Presented after appropriate offsetting as follows:		
Deferred tax assets	<b>200,170</b>	157,606
Deferred tax liabilities	<b>(136,524)</b>	(150,182)
	<b>63,646</b>	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
<b>At 1 July 2020</b>	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
<b>At 31 December 2021</b>	<b>305</b>	<b>40,535</b>	<b>155,533</b>	<b>3,797</b>	<b>200,170</b>
<b>At 1 July 2019</b>	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
<b>At 30 June 2020</b>	<b>1,367</b>	<b>28,913</b>	<b>123,484</b>	<b>3,842</b>	<b>157,606</b>

\* 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
<b>At 1 July 2020</b>	(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)
<b>At 31 December 2021</b>	<b>(2,957)</b>	<b>(125,661)</b>	<b>(7,906)</b>	<b>(136,524)</b>
<b>At 1 July 2019</b>	(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)
<b>At 30 June 2020</b>	<b>(5,610)</b>	<b>(118,964)</b>	<b>(25,608)</b>	<b>(150,182)</b>

**18. DEFERRED TAX ASSETS/(LIABILITIES) (continued)**

Deferred tax assets have not been recognised in respect of the following items:

	<b>31.12.2021</b>	<b>Group 30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Unused tax losses	<b>1,109,279</b>	1,220,278
Unabsorbed capital allowances	<b>20,685</b>	18,680
Other temporary differences	<b>34,886</b>	55,925
	<b><u>1,164,850</u></b>	<u>1,294,883</u>
Deferred tax at respective jurisdiction's applicable tax rate, if recognised	<b><u>285,810</u></b>	<u>316,932</u>

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

	31.12.2021 RM'000	Company 30.6.2020 RM'000
<b>Non-current</b>		
Amounts due from subsidiaries	50,686	32,746
Less: Allowance for expected credit loss ("ECL")	(50,671)	(23,832)
	<u>15</u>	<u>8,914</u>
<b>Current</b>		
Amounts due from subsidiaries	5,220	13,128
Less: Allowance for ECL	(1,536)	(1,046)
	<u>3,684</u>	<u>12,082</u>
Total amounts due from subsidiaries	<u>3,699</u>	<u>20,996</u>
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	<u>52,207</u>	<u>24,878</u>

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
<b>Non-current</b>				
<b>Trade receivables</b> <sup>(i)</sup>				
Third parties	109,997	74,448	-	-
Less: Allowance for ECL	(2,801)	(2,485)	-	-
Trade receivables, net	<u>107,196</u>	<u>71,963</u>	<u>-</u>	<u>-</u>
<b>Current</b>				
<b>Trade receivables</b> <sup>(i)</sup>				
Third parties	155,308	123,558	-	-
Less: Allowance for ECL	(5,196)	(7,867)	-	-
Trade receivables, net	<u>150,112</u>	<u>115,691</u>	<u>-</u>	<u>-</u>
<b>Other receivables</b>				
Sundry receivables <sup>(ii)</sup>	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 <sup>(iii)</sup>	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 <sup>(iv)</sup>	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 <sup>(v)</sup>	446	455	113	122
Lease prepayments	43,234	40,710	-	-
Lease receivables from subleases (Note 21)	46,909	40,692	-	-
Other receivables, net	<u>345,103</u>	<u>295,228</u>	<u>133</u>	<u>160</u>
Total current trade and other receivables	<u>495,215</u>	<u>410,919</u>	<u>133</u>	<u>160</u>



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.

### Trade receivables

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:

	31.12.2021 RM'000	Group 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
	<u>257,308</u>	<u>187,654</u>

### 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 Stage 1 RM'000	← Lifetime ECLs →		Simplified approach RM'000	Total RM'000
	Stage 1 RM'000	Stage 2 RM'000	Stage 3 RM'000	RM'000	RM'000
<b>At 1 July 2019</b>	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)
	<u>1,620</u>	<u>892</u>	<u>2,675</u>	<u>5,165</u>	<u>10,352</u>
<b>At 30 June 2020 and 1 July 2020</b>	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
	<u>1,620</u>	<u>892</u>	<u>3,486</u>	<u>1,999</u>	<u>7,997</u>
<b>At 31 December 2021</b>	<u>1,620</u>	<u>892</u>	<u>3,486</u>	<u>1,999</u>	<u>7,997</u>

**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:

	<b>31.12.2021</b>	<b>Group</b> <b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Sundry receivables - nominal amounts	<b>31,234</b>	33,166
Less: Allowance for ECL	<b>(31,234)</b>	(33,166)
	—	—
	<b>—</b>	<b>—</b>
Prepayments - nominal amounts	<b>12,892</b>	14,601
Less: Allowance for ECL	<b>(12,892)</b>	(14,601)
	—	—
	<b>—</b>	<b>—</b>
Deposits - nominal amounts	<b>50,779</b>	44,591
Less: Allowance for ECL	<b>(50,779)</b>	(44,591)
	—	—
	<b>—</b>	<b>—</b>
Amounts due from associates and joint ventures		
- nominal amounts	<b>36,119</b>	27,060
Less: Allowance for ECL	<b>(36,119)</b>	(27,060)
	—	—
	<b>—</b>	<b>—</b>
		<b>Company</b>
	<b>31.12.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Amount due from a joint venture	—	750
Less: Allowance for ECL	—	(750)
	—	—
	<b>—</b>	<b>—</b>

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
<b>At 1 July 2020</b>	<b>10,352</b>	<b>33,166</b>	<b>14,601</b>	<b>44,591</b>	<b>27,060</b>	<b>129,770</b>
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
	<b>7,001</b>	<b>1,819</b>	<b>8,014</b>	<b>8,334</b>	<b>10,000</b>	<b>35,168</b>
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
<b>At 31 December 2021</b>	<b>7,997</b>	<b>31,234</b>	<b>12,892</b>	<b>50,779</b>	<b>36,119</b>	<b>139,021</b>
<b>At 1 July 2019</b>	<b>5,320</b>	<b>23,338</b>	<b>10,349</b>	<b>44,243</b>	<b>19,889</b>	<b>103,139</b>
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
	<b>12,940</b>	<b>7,632</b>	<b>4,213</b>	<b>114</b>	<b>750</b>	<b>25,649</b>
Reversal of impairment loss	(24)	(58)	-	-	-	(82)
Written off	(7,812)	-	-	-	-	(7,812)
Exchange differences	(72)	2,254	39	234	6,421	8,876
<b>At 30 June 2020</b>	<b>10,352</b>	<b>33,166</b>	<b>14,601</b>	<b>44,591</b>	<b>27,060</b>	<b>129,770</b>

## 21. OTHER RECEIVABLES

	31.12.2021 RM'000	Group 30.6.2020 RM'000
<b>Non-current</b>		
Lease and other prepayments <sup>(i)</sup>	46,522	87,996
Lease deposits	85,373	90,730
Lease receivables from subleases <sup>(ii)</sup>	257,602	219,282
Other deposit <sup>(iii)</sup>	62,044	63,714
	<u>451,541</u>	<u>461,722</u>
Less: Allowance for ECL	(7,564)	(7,647)
	<u><u>443,977</u></u>	<u><u>454,075</u></u>
 Movement in allowance for ECL:		
At beginning of the financial period/year	7,647	7,398
Exchange differences	(83)	249
	<u>7,564</u>	<u>7,647</u>

- (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:

	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
	<u>304,511</u>	<u>259,974</u>
Disclosed as:		
Current (Note 20)	46,909	40,692
Non-current	257,602	219,282
	<u><u>304,511</u></u>	<u><u>259,974</u></u>

- (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

	31.12.2021 RM'000	Group 30.6.2020 RM'000
<b>Non-current</b>		
Financial assets at fair value through other comprehensive income:		
- Unquoted equity securities <sup>(i)</sup>	17,331	16,697
	<hr/>	<hr/>
<b>Current</b>		
Financial assets at fair value through profit or loss:		
- Wealth management products <sup>(ii)</sup>	59,345	142,977
	<hr/>	<hr/>
<b>Total investment securities</b>	<b>76,676</b>	<b>159,674</b>
	<hr/> <hr/>	<hr/> <hr/>

- (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
<b>Non-current</b>				
Time deposits, representing total non-current deposits, cash and bank balances	<b>20,404</b>	377,652	-	-
<b>Current</b>				
Deposits, cash and bank balances:				
Cash on hand and at banks				
- Malaysia	<b>11,568</b>	13,260	<b>1,236</b>	1,577
- Foreign	<b>545,754</b>	845,914	<b>186</b>	350
Deposits with:				
Licensed banks				
- Malaysia	<b>76,520</b>	8,249	<b>2,000</b>	500
- Foreign	<b>550,033</b>	509,328	-	-
Licensed finance companies in Malaysia	<b>105,000</b>	-	-	-
Total current deposits, cash and bank balances	<b>1,288,875</b>	1,376,751	<b>3,422</b>	2,427
Deposits, cash and bank balances (as above)				
- non-current	<b>20,404</b>	377,652	-	-
- current	<b>1,288,875</b>	1,376,751	<b>3,422</b>	2,427
Total deposits, cash and bank balances	<b>1,309,279</b>	1,754,403	<b>3,422</b>	2,427
Less:				
Investments in principal guaranteed deposits	(327)	(24,799)	-	-
Time deposits with original maturity of more than three months when acquired	<b>(500,206)</b>	(747,917)	-	-
Bank overdrafts (Note 27)	<b>(1,601)</b>	(8,373)	-	-
Cash and cash equivalents	<b>807,145</b>	973,314	<b>3,422</b>	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
<b>At costs:</b>		
Merchandise inventories	375,239	320,822
Consumables	2,802	14,140
	<u>378,041</u>	<u>334,962</u>
<b>At net realisable value:</b>		
Merchandise inventories	5,831	25,571
Total	<u>383,872</u>	<u>360,533</u>

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

Group/Company	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)
<b>At 1 July 2020</b>	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)	–
<b>At 31 December 2021</b>	<u>1,118,902</u>	<u>–</u>	<u>2,155,630</u>	<u>–</u>
<b>At 1 July 2019 and 30 June 2020</b>	<u>1,093,902</u>	<u>(26,722)</u>	<u>4,151,005</u>	<u>(20,903)</u>

**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)
<b>Other comprehensive income/(loss) for the financial period</b>							
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
<b>Transactions with owners</b>							
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)
<b>Other comprehensive income/(loss) for the financial year</b>							
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)
<b>Transactions with owners</b>							
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 RM'000	30.6.2020 RM'000
At beginning/end of the financial period/year	<u>2,905,831</u>	<u>2,905,831</u>

(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
<b>Current</b>		
Secured:		
<u>Financial institutions</u>		
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
<u>Non-financial institutions</u>		
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
<b>Non-current</b>		
Secured:		
<u>Financial institutions</u>		
Bank loans:		
HK\$ denominated	–	1,486,881
Rmb denominated	16,988	–
<u>Non-financial institutions</u>		
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
<b>Total loans and borrowings</b>		
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
	<b>1,390,235</b>	<b>2,031,366</b>
	<b>1,390,235</b>	<b>2,031,366</b>
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
	<b>1,390,235</b>	<b>2,031,366</b>
	<b>1,390,235</b>	<b>2,031,366</b>

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
<b>Total</b>	<b>2,022,993</b>	<b>129,991</b>	<b>(710,342)</b>	<b>(54,008)</b>	<b>1,388,634</b>
	<b>2,022,993</b>	<b>129,991</b>	<b>(710,342)</b>	<b>(54,008)</b>	<b>1,388,634</b>
	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
<b>Total</b>	<b>2,485,271</b>	<b>2,248,907</b>	<b>(2,726,385)</b>	<b>15,200</b>	<b>2,022,993</b>
	<b>2,485,271</b>	<b>2,248,907</b>	<b>(2,726,385)</b>	<b>15,200</b>	<b>2,022,993</b>

27. LOANS AND BORROWINGS (continued)

The weighted average effective interest rates at the reporting date for loans and borrowings are as follows:

	<b>31.12.2021</b>	<b>Group</b> <b>30.6.2020</b>
	%	%
Bank loans	<b>2.2</b>	3.5
Revolving financing	<b>4.4</b>	5.5
Bankers' acceptance	<b>2.8</b>	3.7
Lenders from non-financial institutions	<b>10.8</b>	10.8
Term loans	<b>7.0</b>	7.0
Bank overdrafts	<b>6.3</b>	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 RM'000	30.6.2020 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
	<b>8,596</b>	<b>61,981</b>
	<b>8,596</b>	<b>61,981</b>

- (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 RM'000	30.6.2020 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
	–	15,888
	–	15,888
Disclosed as:		
Current (Note 30)	–	34
Non-current	–	15,854
	–	15,888
	–	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
<u>Components of employee benefits expense recognised in profit or loss</u>		
Current service cost	1,817	361
Interest cost on benefit obligations	-	219
	<b>1,817</b>	<b>580</b>

	Group	
	31.12.2021 RM'000	30.6.2020 RM'000
<u>Estimated liabilities for employee benefits at the reporting date</u>		
Defined benefit obligation, representing liabilities at end of the financial period/year	-	3,304

<u>Changes in the present value of the defined benefit obligation</u>		
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
	-	3,304

## 29. PROVISIONS

	<b>Group</b>	
	<b>31.12.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Non-current	17,285	23,246
Current	4,321	4,555
	<hr/>	<hr/>
Total	<b>21,606</b>	<b>27,801</b>
	<hr/> <hr/>	<hr/> <hr/>

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:

	<b>Group</b>	
	<b>31.12.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<hr/>	<hr/>
At end of the financial period/year	<b>21,606</b>	<b>27,801</b>
	<hr/> <hr/>	<hr/> <hr/>

### 30. TRADE AND OTHER PAYABLES

	Group		Company	
	31.12.2021 RM'000	30.6.2020 RM'000	31.12.2021 RM'000	30.6.2020 RM'000
<b>Current</b>				
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	–	–
	<b>1,436,297</b>	<b>1,177,285</b>	<b>1,507</b>	<b>1,954</b>
Total trade and other payables (as above)	<b>1,436,297</b>	1,177,285	<b>1,507</b>	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	<b>2,835,079</b>	<b>3,250,212</b>	<b>4,697</b>	<b>4,940</b>

- (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

	<b>Group</b>	
	<b>31.12.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
Deferred revenue from:		
Gift cards/vouchers sold <sup>(i)</sup>	404,362	388,996
Customer loyalty award <sup>(ii)</sup>	15,395	17,771
	<u>419,757</u>	<u>406,767</u>

(i) A reconciliation of the deferred revenue from gift cards/vouchers sold is as follows:

	<b>Group</b>	
	<b>31.12.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<u>404,362</u>	<u>388,996</u>

(ii) A reconciliation of the deferred revenue from customer loyalty award is as follows:

	<b>Group</b>	
	<b>31.12.2021</b>	<b>30.6.2020</b>
	<b>RM'000</b>	<b>RM'000</b>
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
	<u>15,395</u>	<u>17,771</u>

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)
		<hr/>	<hr/>
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)
		<hr/>	<hr/>
Profit/(loss) before tax	8	27,772	(31,954)
Income tax expense		-	-
		<hr/>	<hr/>
Profit/(loss) for the financial period/year		<b>27,772</b>	<b>(31,954)</b>
		<hr/> <hr/>	<hr/> <hr/>
Profit/(loss) for the financial period/year attributable to:			
Owners of the parent		18,874	(21,716)
Non-controlling interests		8,898	(10,238)
		<hr/>	<hr/>
		<b>27,772</b>	<b>(31,954)</b>
		<hr/> <hr/>	<hr/> <hr/>

### 34. SIGNIFICANT RELATED PARTY DISCLOSURES

<b>Related parties</b>	<b>Relationship</b>
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:

	<b>Group</b>	
	<b>1.7.2020 to 31.12.2021 RM'000</b>	<b>1.7.2019 to 30.6.2020 RM'000</b>
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	<u>1,827</u>	<u>1,115</u>

	<b>Company</b>	
	<b>1.7.2020 to 31.12.2021 RM'000</b>	<b>1.7.2019 to 30.6.2020 RM'000</b>
Interest income from subsidiaries (Note 7)	<u>1,495</u>	<u>1,107</u>

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:

	<b>Group</b>		<b>Company</b>	
	<b>1.7.2020 to 31.12.2021 RM'000</b>	<b>1.7.2019 to 30.6.2020 RM'000</b>	<b>1.7.2020 to 31.12.2021 RM'000</b>	<b>1.7.2019 to 30.6.2020 RM'000</b>
Short term employee benefits	11,110	7,558	309	191
Pension costs				
- Defined contribution plans	194	120	-	-
	<u>11,304</u>	<u>7,678</u>	<u>309</u>	<u>191</u>

### 35. COMMITMENTS

#### Capital commitments

Capital expenditure at the reporting date is as follows:

	31.12.2021 RM'000	Group 30.6.2020 RM'000
Purchase of property, plant and equipment: Approved and contracted for	<b>46,890</b>	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
<b>31.12.2021</b>	
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
<b>30.6.2020</b>	
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:

	<b>Note</b>
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:

Functional currency	Net financial assets held in			Total RM'000
	US\$ RM'000	HK\$ RM'000	SGD RM'000	
<b>Deposits, cash and bank balances</b>				
<b>At 31 December 2021</b>				
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
	9,215	15,799	53	25,067
<b>At 30 June 2020</b>				
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
	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
<b>Financial liabilities:</b>				
<b>Group</b>				
<b>At 31 December 2021</b>				
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
<b>Total undiscounted financial liabilities</b>	<b>3,607,292</b>	<b>2,310,151</b>	<b>1,587,719</b>	<b>7,505,162</b>
<b>At 30 June 2020</b>				
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
<b>Total undiscounted financial liabilities</b>	<b>2,545,137</b>	<b>4,317,762</b>	<b>2,305,320</b>	<b>9,168,219</b>

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
<b>Financial liabilities:</b> (continued)				
<b>Company</b>				
<b>At 31 December 2021</b>				
Trade and other payables	1,507	–	–	1,507
<b>Total undiscounted financial liabilities</b>	<b>1,507</b>	<b>–</b>	<b>–</b>	<b>1,507</b>
<b>At 30 June 2020</b>				
Trade and other payables	1,954	–	–	1,954
<b>Total undiscounted financial liabilities</b>	<b>1,954</b>	<b>–</b>	<b>–</b>	<b>1,954</b>

\* 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 guarantees 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				Others RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
	Malaysia RM'000	PRC RM'000	Vietnam RM'000	Indonesia 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	<u>720,221</u>	<u>3,999,495</u>	<u>5,597</u>	<u>23,916</u>	<u>70,629</u>	<u>4,819,858</u>	<u>25,451</u>	<u>4,845,309</u>
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						<u>(58,368)</u>	<u>27,772</u>	<u>(30,596)</u>
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				Others RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
	Malaysia RM'000	PRC RM'000	Vietnam RM'000	Indonesia 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.