PARKSON HOLDINGS BERHAD

A Member of Lion Group

Reg. No: 198201009470 (89194-P)

LAPORAN TAHUNAN

2022 ANNUAL REPORT

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 39th Annual General Meeting of Parkson Holdings Berhad ("39th AGM") will be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via Securities Services e-Portal at https://sshsb.net.my/ on Wednesday, 24 May 2023 at 10.30 am for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 31 December 2022 and the Reports of the Directors and Auditors thereon. **Note 1**

2. To approve the payment of Directors' fees amounting to RM219,700 for the financial year ended 31 December 2022. **Resolution 1**

3. To approve the payment of Directors' benefits of up to RM98,000 for the period commencing after the 39th AGM until the next annual general meeting of the Company. **Resolution 2**

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

   (i) Y. Bhg. Tan Sri Cheng Heng Jem **Resolution 3**
   (ii) Ms Cheng Hui Yen, Natalie **Resolution 4**

5. To re-elect Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat who was appointed during the financial year and retires in accordance with Clause 111 of the Company's Constitution and who being eligible, has offered himself for re-election. **Resolution 5**

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

7. Special Business

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

7.1 Retention of Independent Non-Executive Director

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

7.2 Authority to Directors to Issue and Allot Shares

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

THAT pursuant to Section 85 of the Companies Act 2016 read together with Clause 12 of the Constitution of the Company, approval be and is hereby given to waive the statutory pre-emptive rights of the Shareholders of the Company to be offered new shares in the Company ranking *pari passu* in all respects with the existing issued shares of the Company arising from the issuance of new shares pursuant to the Mandate."

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

"THAT approval be and is hereby given for the renewal of the mandate, for the Company and its subsidiaries (collectively, the "Group") to enter into recurrent related party transactions of a revenue or trading nature which are necessary for the Group's day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of the Circular to Shareholders of the Company dated 25 April 2023 ("Related Parties"), provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 9**

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

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

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

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

whichever is the earlier; and

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

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

By Order of the Board

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

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

Kuala Lumpur
25 April 2023

Notes:

- *Proxy*

  (i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 May 2023 shall be eligible to participate at the Meeting.

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

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

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

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

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

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

- *The 39th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at https://sshsb.net.my/. Please refer to the procedures provided in the Administrative Guide for the 39th AGM for registration, participation and remote voting via the RPV facilities.*

- *At the Broadcast Venue, only the Chairman and other essential individuals are physically present to organise the virtual 39th AGM. Members/Proxies/Corporate Representatives will not be allowed to be physically present at the Broadcast Venue on the day of the 39th AGM.*

1. *Audited Financial Statements for the financial year ended 31 December 2022*

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

2. *Resolution 2*

   The benefits payable to the Directors of up to RM98,000 for the period commencing after the 39th AGM until the next annual general meeting of the Company comprise estimated meeting allowance in respect of Directors' attendance at Board and Board Committees meetings which have been scheduled and those unscheduled. The Board is of the view that it is just and equitable for the Directors to be paid the meeting allowance as and when incurred in discharging their responsibilities and rendering their services to the Company throughout the relevant period.

3. *Resolutions 3 to 5*

   The following Directors ("Retiring Directors") retire in accordance with Clause 110 and Clause 111 of the Company's Constitution and being eligible, have offered themselves for re-election:

   (i) Y. Bhg. Tan Sri Cheng Heng Jem
   (ii) Ms Cheng Hui Yen, Natalie
   (iii) Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat

   The Nomination Committee ("NC") had reviewed the performance and contribution of each of the Retiring Directors and had also assessed the independence of Y. Bhg. Tan Sri Dato' Seri Dr Aseh, an independent non-executive Director seeking re-election.

   Based on the results of the annual assessment for the financial year ended 31 December 2022, the NC was satisfied with the performance and contribution of each of the Retiring Directors who had discharged his/her duties and responsibilities effectively at all times.

   The NC was also satisfied that Y. Bhg. Tan Sri Dato' Seri Dr Aseh had displayed independent judgement and acted in the best interests of the Company.

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

   The profiles of the Retiring Directors are set out on pages 6 and 7 of the 2022 Annual Report.

4. *Resolution 7*

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

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

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

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

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

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

5. *Resolution 8*

   The approval pursuant to Sections 75 and 76 of the Companies Act 2016 will allow the Company to procure the renewal of the general mandate which will empower the Directors of the Company to issue and allot new shares in the Company up to an amount not exceeding 10% of the total number of issued shares of the Company ("Mandate"). The Mandate, unless revoked or varied at a general meeting, will expire at the conclusion of the next annual general meeting of the Company.

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

   As at the date of this Notice, no new ordinary shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 25 May 2022 which will lapse at the conclusion of the 39th AGM.

   The waiver of the pre-emptive rights pursuant to Section 85 of the Companies Act 2016 read together with Clause 12 of the Constitution of the Company will allow the Directors to issue and allot new shares in the Company which rank pari passu in all respects with the existing shares, to any person without having to first offer the new shares to all existing Shareholders prior to the issuance of new shares pursuant to the Mandate.

6. *Resolution 9*

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

   Details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular to Shareholders dated 25 April 2023 which is made available on the websites of the Company at www.lion.com.my/parkson-agm and Bursa Malaysia Securities Berhad at www.bursamalaysia.com.

CORPORATE INFORMATION

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

DIRECTORS' PROFILE

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

Y. Bhg. Tan Sri Cheng Heng Jem, a Malaysian, male, aged 80, was appointed to the Board on 30 March 1989. He was appointed the Managing Director and the Chairman of the Company on 16 August 2006 and 13 November 2006 respectively.

Tan Sri Cheng has more than 50 years of experience in the business operations of the Lion Group encompassing retail, credit financing and money lending services, steel, mining, property, tyre manufacturing, motor, agriculture and computer industries.

Tan Sri Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012 and is now a Life Honorary President of ACCCIM and KLSCCCI. He was also the President of Malaysia Retailers Association ("MRA") from May 2016 to May 2018, and was its Honorary President from June 2018 to July 2020. He was again appointed the President of MRA from July 2020 to May 2022 and in June 2022, he was appointed an Honorary President of MRA. He was the Chairman of the Federation of Asia-Pacific Retailers Associations from October 2017 to September 2019, and was its Vice Chairman from September 2019 to November 2022. He is a Trustee of ACCCIM's Socio-Economic Research Trust and the President of Malaysia Steel Association.

In May 2022, Tan Sri Cheng was appointed the Managing Director of Lion Industries Corporation Berhad, a public listed company. His other directorships in public companies are as follows:

- Chairman of Lion Posim Berhad, a public listed company
- A Founding Member and a Permanent Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes

Tan Sri Cheng has a direct shareholding of 286,923,039 ordinary shares in the Company ("Parkson Shares") and a deemed interest in 339,994,089 Parkson Shares. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 220 of this Annual Report.

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

Tan Sri Cheng attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2022.

Cheng Hui Yen, Natalie
Executive Director

Ms Cheng Hui Yen, Natalie, a Malaysian, female, aged 39, was appointed the Executive Director of the Company on 26 August 2015.

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

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

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

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

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

Ms Cheng attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2022.

Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat
Independent Non-Executive Director

Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat, a Malaysian, male, aged 71, was appointed to the Board on 24 November 2022. He is also a member of the Audit Committee and Remuneration Committee of the Company.

Tan Sri Dato' Seri Dr Aseh graduated with a Bachelor of Arts (Honours) in Economics from the University of Malaya in 1974 and received his Master of Public Administration from the University of Southern California in the United States of America in 1984, PhD (Honorary) in International Relations from Limkokwing University of Creative Technology, Cyberjaya, Malaysia in 2007, PhD (Honorary) in Management from the Infrastructure University Kuala Lumpur, Malaysia in 2015 and was awarded Doctor of Philosophy (PhD) from the Swiss School of Management in 2021.

Tan Sri Dato' Seri Dr Aseh joined the Ministry of Finance, Malaysia in March 1974 and had held various positions as Assistant Secretary, Secretary and Principal Assistant Secretary of the Education Services Commission in Kuala Lumpur, Sarawak and Sabah during his 8 years with the Commission. Since 1984, he served in the Ministry of Home Affairs, Malaysia in various positions including Principal Assistant Secretary of the Security and Police Affairs Division; Undersecretary of Security and Preventive Division, and Management Division; and Deputy Director General and Director General of the Department of Immigration, Malaysia. In February 2001, Tan Sri Dato' Seri Dr Aseh was appointed Secretary General of the Ministry of Home Affairs, Malaysia, a post he held until his retirement on 22 October 2007.

Between 2007 and 2019, Tan Sri Dato' Seri Dr Aseh had held the following positions:

- Directorships in various public and public listed companies namely, Lion Diversified Holdings Berhad from 2007 to 2019, Pos Malaysia Berhad from July 2008 to July 2011, Stemlife Berhad from 2008 to 2013 and MWE Holdings Berhad from 2008 to 2018
- President of Putrajaya Corporation from August 2012 to July 2015
- Chairman of University Council of Limkokwing University of Creative Technology, Cyberjaya from 2008 to 2017 and Social Security Organisation (SOCSO) from August 2017 to October 2018

He was also active in the Administrative and Diplomatic Service (ADS) and was its longest serving President.

Tan Sri Dato' Seri Dr Aseh is active in community service and currently holds the following offices:

- Trustee and Chairman of Integrity Committee of Football Association of Malaysia
- Chairman of Yayasan Pesara Kerajaan
- President of Tiara Golf & Country Club, Melaka
- Chancellor of Infrastructure University Kuala Lumpur
- Chairman of Council Dato' Dato' Kurnia Negeri Sembilan Darul Khusus

Tan Sri Dato' Seri Dr Aseh is also the Chairman of British American Tobacco (Malaysia) Berhad, a public listed company.

Tan Sri Dato' Seri Dr Aseh attended the remaining 1 Board Meeting of the Company held during the financial year ended 31 December 2022 subsequent to his appointment.

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

Cik Zainab binti Dato' Hj. Mohamed, a Malaysian, female, aged 65, was appointed to the Board on 23 November 2012. She is also the Chairman of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee of the Company.

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

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

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

Cik Zainab attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2022.

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

Mr Liew Jee Min @ Chong Jee Min, a Malaysian, male, aged 64, was appointed to the Board on 15 January 2019. He is also the Chairman of the Nomination Committee and Remuneration Committee, and a member of the Audit Committee of the Company.

Mr Chong graduated from the University of Leeds, England in 1984 with an Honours degree in Law. He obtained his Certificate of Legal Practice, Malaya in 1985 and was admitted as an advocate and solicitor to the High Court of Malaya in 1986. Mr Chong is a co-founder of the legal firm, Messrs J.M. Chong, Vincent Chee & Co. Advocates & Solicitors, which was established in December 1986 and specialises in various practices of law such as real estate, banking, corporate and commercial. He has accumulated more than 35 years of experience as a legal practitioner and is currently the managing partner of the firm.

As a prominent legal advisor of his profession, Mr Chong also serves in various organisations and associations in Malaysia:

- Vice President of the Klang Chinese Chamber of Commerce and Industry ("KCCCI")
- Chairman of the Legal Affairs Committee of the KCCCI and The Associated Chinese Chamber of Commerce & Industry of Coastal Selangor
- Council member of The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor, and Chairman of its Legal Affairs Committee
- Member of the Legal Affairs Committee of The Associated Chinese Chambers of Commerce and Industry of Malaysia
- Legal advisor of Malaysia Used Vehicle Autoparts Traders Association, The Kuala Lumpur & Selangor Furniture Entrepreneur Association and Sekolah Menengah Chung Hua (PSDN) Klang.

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

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

Mr Chong attended all 4 Board Meetings of the Company held during the financial year ended 31 December 2022.

Ooi Kim Lai
Non-Independent Non-Executive Director

Mr Ooi Kim Lai, a Malaysian, male, aged 55, was appointed to the Board on 12 May 2014. He is also a member of the Audit Committee and Nomination Committee of the Company.

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

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

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

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

Mr Ooi attended 3 of the 4 Board Meetings of the Company held during the financial year ended 31 December 2022.

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

PROFILE OF KEY SENIOR MANAGEMENT

Juliana Cheng San San
Singaporean, female, 53 years of age

Ms Juliana Cheng San San was appointed an Executive Director of Parkson Retail Group Limited ("PRGL") on 28 August 2015. PRGL Group undertakes the Group's retail business in the People's Republic of China ("PRC"). In 2022, Ms Juliana Cheng has been entrusted with additional responsibilities for audit, legal and public relations of the PRGL Group.

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

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

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

Zhou Jia
Chinese, male, 51 years of age

Mr Zhou Jia was appointed the Chief Executive Officer ("CEO") of the PRGL Group on 1 July 2022, having assumed the position of Acting CEO since 1 January 2022.

Mr Zhou graduated with a Bachelor of Business Administration from the University of Yuzhou, the PRC in 1994.

In 1995, Mr Zhou joined the Merchandising Division of Chongqing Wanyou Parkson and was promoted as the Assistant General Manager of Kunming Parkson in 2002. Mr Zhou was subsequently promoted as the Head of Kunming Parkson in 2004, the Regional General Manager in 2010 and the PRGL Group's Senior Operating Officer in 2014. In 2016, he was appointed the Chief Operating Officer ("COO") of the PRGL Group.

Law Boon Eng
Malaysian, male, 65 years of age

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

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

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

Poh Wan Chung, Danny
Malaysian, male, 50 years of age

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

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

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

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the financial year ended 31 December 2022. This CG Overview Statement is prepared pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

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

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

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

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

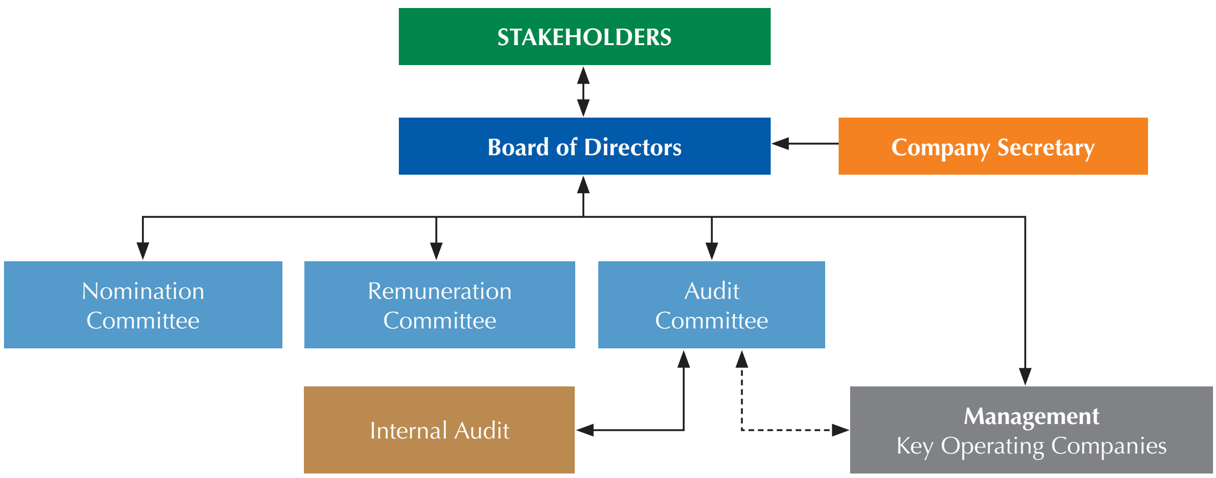
In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG apart from the practices prescribed for Large Companies as defined in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year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

- Practice 1.3 : Positions of Chairman and Chief Executive Officer are held by different individuals.
- Practice 5.3 : The tenure of independent director does not exceed a cumulative term limit of 9 years.
- Practice 5.10 : Company's policy on gender diversity for the board and senior management.
- Practice 8.2 : Disclosure on a named basis, the remuneration of top 5 senior management.

A detailed explanation of how the Company has applied each CG practice as set out in the MCCG, taking into consideration the specific circumstances affecting the Group, including alternative measures taken to achieve the intended outcomes and the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial year ended 31 December 2022.

CORPORATE GOVERNANCE FRAMEWORK

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



BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Responsibilities for Leadership and Meeting Objectives and Goals

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

The Chairman is primarily responsible in ensuring Board effectiveness and leading the Board in its collective oversight of management whereas the Managing Director ("MD") and the Executive Director ("ED") are responsible for day-to-day management of the Group's businesses and operations including the implementation of business plans, strategies and policies. The distinct and separate roles of the Chairman, MD and ED with clear division of responsibilities are set out in the Company's Board Charter. Notwithstanding, the Company being cognisant of the requirements of the MCCG, given the Chairman's wealth of over 50 years of experience in the business operations of the Group, the history of the Group, its structure, business environment and the territories regionally in which the Group operates, and performance track records, the Chairman also assumes the position of the MD for continuing leadership. In line with the recommendation of the MCCG, the Chairman is not a member of any Board Committees.

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

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

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

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

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

The Board meets on a quarterly basis, with additional meetings convened as and when necessary. During the financial year, 4 Board Meetings were held.

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

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

The Board Charter is subject to review by the Board at least once in every 3 years or as and when the need arises and in tandem with any new or revision of relevant statutory and regulatory requirements impacting the responsibilities and discharge of duties by the Board. The Company's Board Charter which was last reviewed in November 2022 is available on the Company's website.

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

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

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

Commitment to Good Business Conduct and Healthy Corporate Culture

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

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

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

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

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

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

Full details of the Group's commitment to sustainability in the aspects of Environment, Social and Governance ("ESG") are found in the Sustainability Statement on pages 49 to 58 of this Annual Report.

II. BOARD COMPOSITION

Objectivity in Board Decision-Making

The objectivity in decision-making by the Board is driven by its composition, role of independent non-executive directors and competencies of its members. Currently, the Board comprises 6 Directors, 4 of whom are non-executive. Represented on the Board are 3 independent non-executive Directors, effectively constituting half of the Board and whose presence and participation provide independent advice, views and judgement to bear on the decision-making process of the Group in ensuring that a balanced and unbiased deliberation process is in place to safeguard the interests of all stakeholders. As and when a potential conflict of interest arises, it is mandatory practice for the Directors concerned to declare their interests and abstain from the decision-making process.

During the financial year, Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat was appointed an independent non-executive Director of the Company on 24 November 2022, thus complying with the recommendation of the MCCG whereby at least half of the board comprises independent directors.

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

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

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

Cik Zainab binti Dato' Hj. Mohamed has served on the Board as an independent non-executive Director for more than 9 years and will be re-designated a non-independent non-executive Director upon the conclusion of the 39th Annual General Meeting of the Company ("39th AGM") in line with the recommendation of the MCCG. The Nomination Committee had assessed the independence of Cik Zainab and had recommended the Board to seek Shareholders' approval at the 39th AGM to retain her as an independent non-executive Director with consideration that she possesses the attributes necessary in discharging her role and functions as an independent non-executive Director of the Company. The Board had concurred with the Nomination Committee's assessment and had recommended the resolution on the retention of Cik Zainab as an independent non-executive Director of the Company, to be tabled at the 39th AGM by way of a single-tier voting process.

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

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

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

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

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

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

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

A brief description of each Director's background is presented in the respective profile under Directors' Profile on pages 6 to 9 of this Annual Report.

The Nomination Committee comprises 3 members, all of whom are non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by an independent Director. The composition and the Terms of Reference of the Nomination Committee are presented on page 35 of this Annual Report and are available on the Company's website for reference.

Effectiveness of the Board and Individual Directors

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

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

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

<u>Time Commitment</u>

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

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

Directors' Training

The Board is mindful of the need for continuous training to keep abreast of matters affecting the changing business environment within which the Group operates and is encouraged to attend training programmes/forums/seminars and external programmes facilitated by external professionals in accordance with their respective needs in discharging their duties and roles as Directors pertaining to the laws and regulations which may affect the Group. The Board will continue to evaluate and determine training needs of each Director to enhance Directors' skills and knowledge including financial literacy and sustainability matters. The Company Secretary keeps a complete record of the trainings attended by the Directors.

All Directors had attended the Mandatory Accreditation Programme as required by Bursa Securities.

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

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

During the financial year, the Directors had attended the following webinars, workshops, self-learning and other training programmes ("Programmes") on topics in relation to board leadership; corporate governance; business opportunities, investment and prospects in various industries and countries; risk management and internal controls; statutory and regulatory updates and requirements; financial and accounting knowledge and updates; sustainability covering community, environment, marketplace and workplace; and fraud and cyber security risks:

Name of Directors	**Programme**
Tan Sri Cheng Heng Jem	• Federation of Public Listed Companies Bhd (FPLC) & PKF Malaysia – Malaysian Code on Corporate Governance 2021 Training Workshop
Cheng Hui Yen, Natalie	• United Nations Sustainable Stock Exchanges Initiative ("UN SSE"), International Finance Corporation ("IFC") and Carbon Disclosure Project Worldwide ("CDP") in collaboration with Bursa Malaysia – Task Force on Climate-related Financial Disclosures ("TCFD") Climate Disclosure Training Programme (TCFD 101): Getting started with climate-related financial reporting • UN SSE, IFC and CDP in collaboration with Bursa Malaysia – TCFD Climate Disclosure Training Programme (TCFD 102): Building experience in climate-related financial reporting • Lion Group In-House Self-Learning Training – Cyber Security Awareness
Zainab binti Dato' Hj. Mohamed	• UN SSE, IFC and CDP in collaboration with Bursa Malaysia – TCFD Climate Disclosure Training Programme (TCFD 101): Getting started with climate-related financial reporting • UN SSE, IFC and CDP in collaboration with Bursa Malaysia – TCFD Climate Disclosure Training Programme (TCFD 102): Building experience in climate-related financial reporting • Federation of Public Listed Companies Bhd (FPLC) & PKF Malaysia – Malaysian Code on Corporate Governance 2021 Training Workshop • Lion Group In-House Self-Learning Training – Cyber Security Awareness • Bursa Malaysia – Advocacy Session for Directors and Senior Management of Main Market Listed Issuers • Bursa Malaysia – CG Advocacy Programme entitled Bursa Malaysia Immersive Experience: The Board "Agender"

Name of Directors	Programme
Liew Jee Min @ Chong Jee Min	• Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees – Good Practices for Audit Committees in Supporting Audit Quality • Tricor Axcelasia – Jak Resources Berhad In-House Directors' Training on Understanding Sustainability and Environmental, Social and Governance • Lion Group In-House Self-Learning Training – Cyber Security Awareness • Crowe Malaysia PLT – Hextar Global Berhad In-House Directors' Training - Practical Updates on Financial Standards, MFRSs • Bursa Malaysia – CG Advocacy Programme entitled Bursa Malaysia Immersive Experience: The Board "Agender" • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees – How the Audit Committees and Auditors can work together towards reliable audited financial statements
Ooi Kim Lai	• Lion Group In-House Self-Learning Training – Cyber Security Awareness • Federation of Public Listed Companies Bhd (FPLC) & PKF Malaysia – Malaysian Code on Corporate Governance 2021 Training Workshop • Securities Commission Malaysia's Audit Oversight Board Conversation with Audit Committees – How the Audit Committees and Auditors can work together towards reliable audited financial statements

Prior to Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat's appointment as a Director of the Company in November 2022, Y. Bhg. Tan Sri Dato' Seri Dr Aseh had attended the in-house trainings organised by British American Tobacco (Malaysia) Berhad on topics in relation to product training; and media environment today and introduction to integrated reporting.

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

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

III. REMUNERATION

Level and Composition of Remuneration that Attract and Retain Talents

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

The Board delegates the oversight of the remuneration of the MD and the ED to the Remuneration Committee. The composition and the Terms of Reference of the Remuneration Committee are presented on page 37 of this Annual Report and are available on the Company's website.

Remuneration Factoring in Individual and Company's Performance

Details of the remuneration paid or payable to all Directors of the Company for the financial year ended 31 December 2022 are as follows:

	Fees RM'000	Meeting Allowance RM'000	Salaries & Bonuses* RM'000	Benefits-in-kind RM'000	Total RM'000
The Group					
Executive Directors					
Tan Sri Cheng Heng Jem	290	16	2,557	6	2,869
Cheng Hui Yen, Natalie	41	4	429	25	499
Non-executive Directors					
Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat^	5	2	–	–	7
Zainab binti Dato' Hj. Mohamed	50	12	–	–	62
Liew Jee Min @ Chong Jee Min	45	12	–	–	57
Ooi Kim Lai	45	8	–	–	53
	476	54	2,986	31	3,547
The Company					
Executive Directors					
Tan Sri Cheng Heng Jem	50	4	120	–	174
Cheng Hui Yen, Natalie	25	4	–	–	29
Non-executive Directors					
Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat^	5	2	–	–	7
Zainab binti Dato' Hj. Mohamed	50	12	–	–	62
Liew Jee Min @ Chong Jee Min	45	12	–	–	57
Ooi Kim Lai	45	8	–	–	53
	220	42	120	–	382

Notes:

* The salaries are inclusive of employer's provident fund and social security welfare contributions.
^ Appointed on 24 November 2022.

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Effective and Independent Audit Committee

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

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

The Audit Committee comprises 4 members, 3 of whom are independent Directors and all 4 members are financially literate. The Chairman of the Audit Committee is elected among the members of the Committee who is not the Chairman of the Board. The Terms of Reference and the main works undertaken by the Audit Committee for the financial year under review are set out in the Audit Committee Report on pages 30 to 34 of this Annual Report.

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

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

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

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

Effectiveness of Governance, Risk Management, and Internal Control System

The Board has established an Internal Audit Function within the Group to provide assurance on the effectiveness of risk, control, anti-corruption, whistleblowing and governance processes. Oversight of the Internal Audit Function is delegated to the Audit Committee to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently. The Internal Audit Function is led by the Group Chief Internal Auditor who reports directly to the Audit Committee. The Internal Auditors attend all meetings of the Audit Committee. The Audit Committee's review of the scope of work, budget, reports by the Internal Audit Function and the detailed description of the Internal Audit Function are provided in the Audit Committee Report on pages 30 to 34 of this Annual Report.

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

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

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

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

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

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

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

II. CONDUCT OF GENERAL MEETINGS

Participation by Shareholders and Informed Voting Decisions

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

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

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

The Board of Directors ("Board") acknowledges the importance of maintaining a sound system of internal control to safeguard the interests of stakeholders (including shareholders' investments) and the Group's assets. The Board is pleased to present the Statement on Risk Management and Internal Control of the Group covering key subsidiaries, which outlines the nature and scope of its internal control and risk management during the financial year under review.

Board Responsibility

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

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

Key Components of Internal Control System

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

1. **Integrity and Ethical Values**

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

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

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

   - Annual e-declarations on Conflict of Interest and acknowledgement on the understanding and compliance with the ABC Policy among executive employees being part of the Group's effort in creating awareness and ensuring that the employees understand, observe and uphold high integrity and ethical values in all their business dealings.

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

The CoBEC and the ABC Policy are published on the Company's website at www.lion.com.my/parkson.

2. Authority and Responsibility

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

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

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

  - Audit Committee
  - Nomination Committee
  - Remuneration Committee

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

3. Organisation Structure

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

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

4. Frameworks, Policies and Procedures

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

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

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

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

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

5. Planning, Monitoring and Reporting

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

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

6. Internal Audit

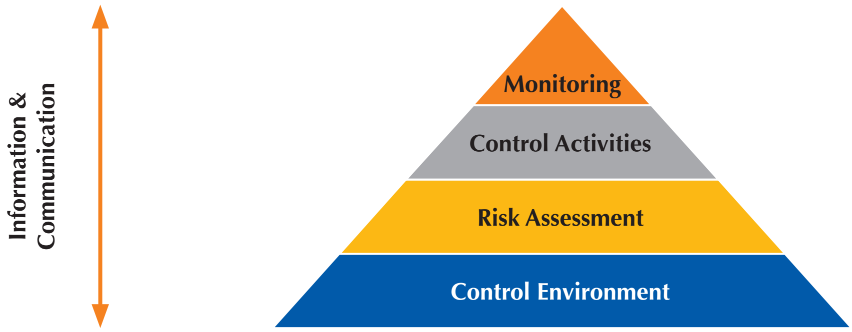
- Internal Audit Charter that is approved by the AC articulates the purpose, responsibility and authority of the GIA function as well as the nature of assurance activities provided by the function.

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

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

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

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



7. **Risk Management**

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

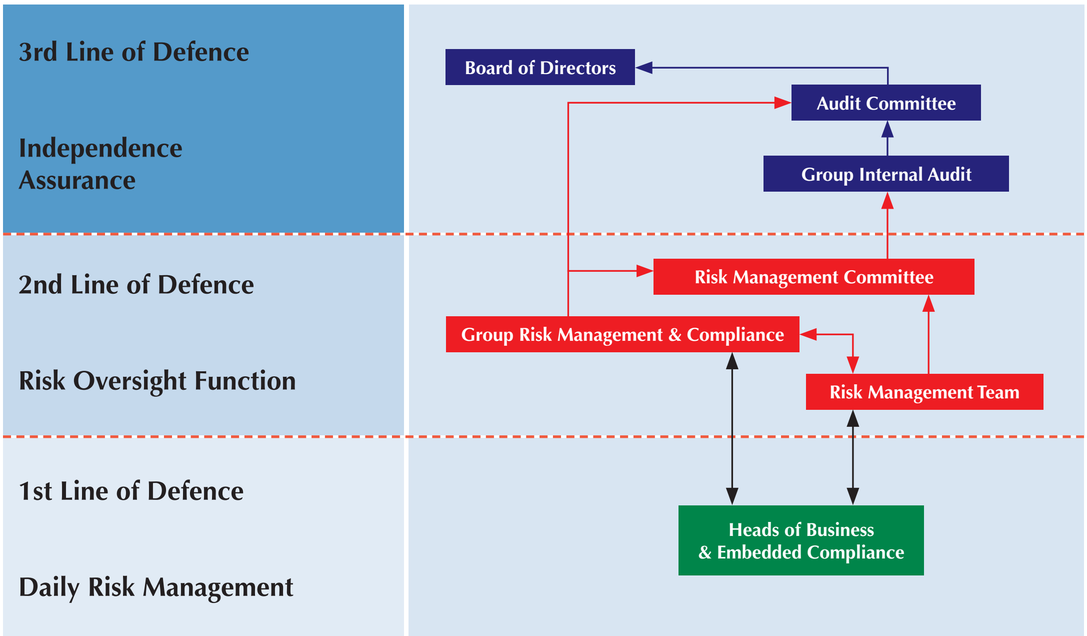
- The ERM Framework provides guidelines on risk governance, risk management process, risk reporting and generic tools to be used by the Group. The design of the risk governance structure therein is premised on 3 lines of defence concept with clear functional responsibilities and accountabilities for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

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

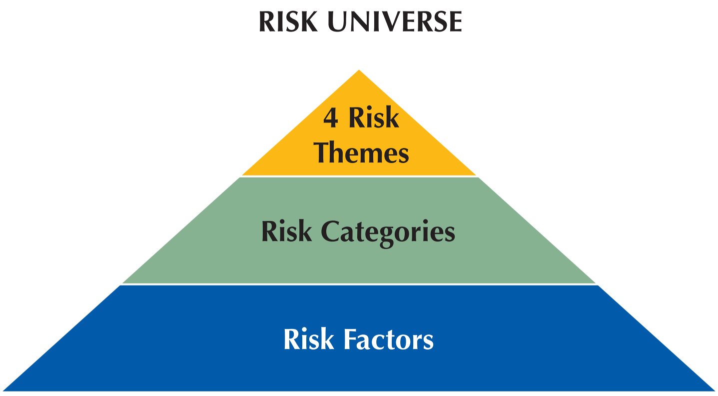
  – The second line of defence provides oversight function via the establishment and roles vested in the KOC's Risk Management Team ("RMT") and Risk Management Committee ("RMC") both of which are supported by the Group Risk Management and Compliance ("GRC") department. The RMTs establish their strategy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

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

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



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



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

8. Compliance Management

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

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

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

9. Safety and Crisis Management

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

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

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

  The following preventive measures have been implemented:

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

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

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

  (iv) Department stores comply with all SOPs stipulated by the National Security Council (MKN).

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

10. Information and Communication Technology/Management Information System

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

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

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

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

11. Insurance

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

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

12. Whistleblowing

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

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

Risk Management Process

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

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

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

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

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

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

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

Conclusion

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

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

Review by External Auditors

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scopes set out in the Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 31 December 2022, and reported to the Board that nothing has come to their attention that has caused them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, Corporate Disclosure Guide, Bursa Malaysia Securities Berhad Main Market Listing Requirements ("Listing Requirements") and Corporate Governance Guide, nor is the Statement factually inaccurate.

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

AUDIT COMMITTEE REPORT

The Audit Committee of Parkson Holdings Berhad is pleased to present the Audit Committee Report for the financial year ended 31 December 2022.

COMPOSITION

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

- **Members**

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

  Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat
  (Appointed as a member on 24 November 2022)
  (Independent Non-Executive Director)

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

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

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

- **Secretaries**

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

MEMBERSHIP

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

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

MEETINGS AND MINUTES

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

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

TERMS OF REFERENCE

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

ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, 4 Audit Committee Meetings were held. Except for Mr Ooi Kim Lai who was absent for 1 Meeting and Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat who attended the remaining 1 Meeting held subsequent to his appointment as a member of the Audit Committee, full attendance was recorded for all other members.

The Group Chief Internal Auditor and the Chief Accountant were also present at all the Meetings.

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

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

- **Financial Results**

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

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

- **Internal Audit**

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

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

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

  Audit approach had been determined in areas with weaknesses in control as revealed by the Internal Auditors during their previous audit reviews.

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

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

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

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

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

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

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

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

- **External Audit**

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

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

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

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

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

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

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

- **Compliance Management**

  (a) Conformance to Group policies and procedures

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

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

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

  - Developed the questionnaire on "Managing Sustainability and Related Matters" as part of the CRSA extended scope of coverage to better understand and articulate the threat; identify efficiencies, realise cost savings and productivity benefits; adhere to related requirements and/or expectations; and assess the organisation's capacity to manage and communicate Environmental, Social and Governance policies, practices and performances.

- **Risk Management**

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

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

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

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

- **Related Party Transactions**

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

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

INTERNAL AUDIT FUNCTION

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

The Group Chief Internal Auditor, Mr Wong Poh Tan, is a Fellow Member of the Association of Chartered Certified Accountants, a Chartered Accountant with the Malaysian Institute of Accountants and a professional member of the Institute of Internal Auditors Malaysia with more than 21 years of internal audit and enterprise risk management experience in the field of manufacturing, nourishing products, palm oil, property development, ceramic tiles, and pulp and paper mills.

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

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

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

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

- Reliability and integrity of financial and operational information
- Effectiveness and efficiency of operations
- Safeguarding of assets
- Compliance with set policies and procedures
- Identification of opportunities to improve the operations and processes
- Investigations and special audit reviews
- Adequacy and effectiveness of the Group's governance, risk management and internal control system using the Committee of Sponsoring Organisations of the Treadway Commission (COSO) Internal Control – Integrated Framework
- Compliance aspects of the Anti-Bribery and Corruption Policy, and its programmes

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

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

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

The Internal Auditors are updated on the improvement and development in internal auditing standards, procedures, techniques, corporate governance and the Listing Requirements through the attendance of seminars and talks organised by the Institute of Internal Auditors Malaysia, the Malaysian Institute of Accountants, Bursa Malaysia Berhad and the Securities Commission Malaysia as well as core competency courses organised by professional training establishments. The Audit Committee was also satisfied that the Internal Audit Function, which is led by the Group Chief Internal Auditor with relevant experience and backed by 6 staff of managerial and executive levels who possessed the relevant qualifications and experience, has adequate resources to fulfill the internal audit plan for the next financial year.

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

The total cost incurred in managing the Internal Audit Function of the Group for the financial year was RM313,033.

NOMINATION COMMITTEE

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

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

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

Terms of Reference :

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

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

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

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

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

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

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

6. To recommend to the Board:

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

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

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

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

NOMINATION COMMITTEE REPORT

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

Appointment to the Board and the Effectiveness of the Board

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

The assessment criteria of the Board's evaluation/performance review process as well as the process and criteria to (i) identify and nominate candidates for appointment as a Director; (ii) re-elect existing Directors; and (iii) retain independent Directors, are set out in the Directors' Fit and Proper Policy included in the Board Charter. During the financial year, the broad Fit and Proper, and Independence Criteria had been reviewed and enhancement had been made to ensure an adequate level of compliance and to be aligned with the Bursa Malaysia Securities Berhad Main Market Listing Requirements and the Malaysian Code on Corporate Governance ("MCCG").

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

The Directors' mix of skills are set out in the respective profile under Directors' Profile on pages 6 to 9 of this Annual Report.

Activities of the Nomination Committee for the Financial Year

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

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

(i) Assessed and recommended for Board's consideration, the appointment of Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat as an independent non-executive Director, and a member of the Audit Committee and the Remuneration Committee of the Company.

Following the appointment of Y. Bhg. Tan Sri Dato' Seri Dr Aseh, the Company had fulfilled the recommendation of the MCCG whereby at least half of the board comprises independent directors.

(ii) Reviewed and assessed the performance and the effectiveness of the Board as a whole, the Board Committees, the independence of the independent Directors as well as the contribution of each individual Directors and Audit Committee members based on the broad Fit and Proper, and Independence Criteria as set out in the Directors' Fit and Proper Policy using a set of quantitative and qualitative performance evaluation forms adopted by the Nomination Committee, and was satisfied that (a) the Board composition in term of size, mix of competencies and diversity representation and the balance between executive, non-executive and independent Directors was adequate and in line with the Group's business operations and needs; and (b) the Board as a whole and the Board Committees had discharged their duties and responsibilities effectively at all times. The Nomination Committee was also satisfied with the level of independence of all the independent non-executive Directors and their ability to act in the best interest of the Company.

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

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

(v) Reviewed the retirement by rotation of Y. Bhg. Tan Sri Cheng Heng Jem and Ms Cheng Hui Yen, Natalie, and the retirement of Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat who was appointed during the financial year, and having satisfied that they had discharged their duties and responsibilities effectively at all times, recommended their re-election for Board's consideration, which shall be tabled for approval of the Shareholders at the forthcoming 39th Annual General Meeting of the Company ("39th AGM").

(vi) Reviewed the retention of Cik Zainab binti Dato' Hj. Mohamed whose tenure of service as an independent Director has exceeded a cumulative period of 9 years, for Board's recommendation to Shareholders for their approval at the 39th AGM by way of a single-tier voting process based on the attributes necessary in discharging her role and functions as an independent Director.

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

(viii) Approved and recommended for Board's consideration the Nomination Committee Report incorporating the Nomination Committee's activities for inclusion in the 2022 Annual Report.

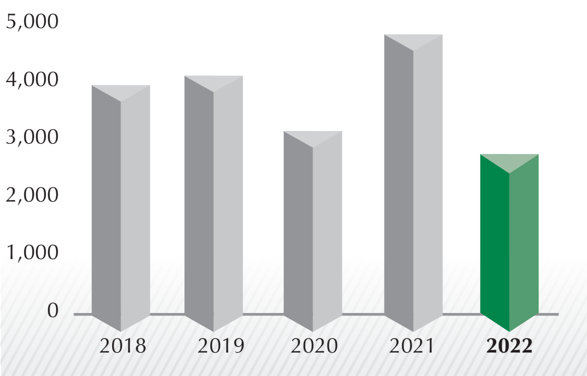
REMUNERATION COMMITTEE

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

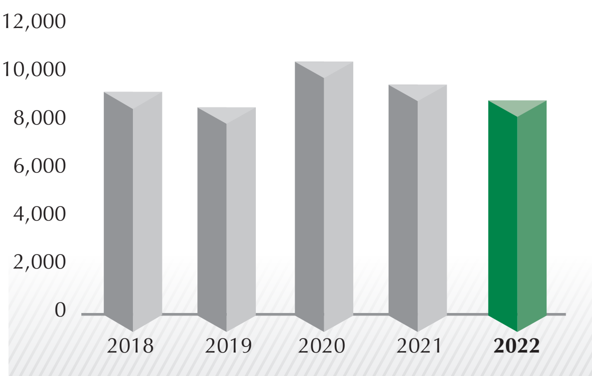
5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years/period		12 months ended 30 June 2018	12 months ended 30 June 2019	12 months ended 30 June 2020	18 months ended 31 December 2021	**12 months ended 31 December 2022**
Gross sales proceeds	(RM'000)	11,092,191	10,453,601	7,923,499	11,715,225	**7,046,841**
Revenue	(RM'000)	3,981,735	4,032,665	3,251,152	4,845,309	**2,922,581**
Loss before tax	(RM'000)	(82,910)	(24,135)	(552,122)	(30,596)	**(161,473)**
Loss after tax	(RM'000)	(169,757)	(152,268)	(627,248)	(129,931)	**(210,943)**
Net loss attributable to owners of the parent	(RM'000)	(99,439)	(129,184)	(436,354)	(101,800)	**(119,945)**
Total assets	(RM'000)	8,947,503	8,535,916	10,455,546	9,544,301	**8,892,757**
Net assets	(RM'000)	2,233,777	2,046,888	1,586,944	1,700,651	**1,484,093**
Total borrowings	(RM'000)	2,499,339	2,496,668	2,031,366	1,390,235	**1,738,850**
Loss per share	(Sen)	(9.3)	(12.1)	(40.9)	(9.5)	**(10.5)**
Net assets per share	(Sen)	209	192	149	152	**129**

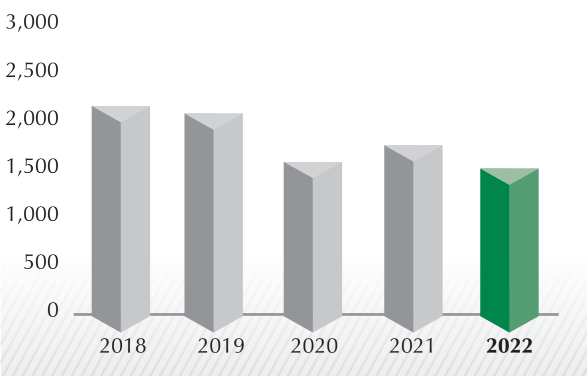
REVENUE
RM Million



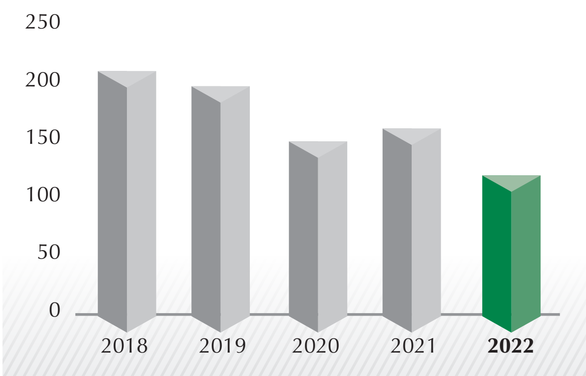
TOTAL ASSETS
RM Million



NET ASSETS
RM Million



NET ASSETS PER SHARE
Sen



PARKSON NETWORK, AS AT 31 DECEMBER 2022

CHAIRMAN'S STATEMENT

TAN SRI CHENG HENG JEM
Chairman

On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad ("Company" or "Group") for the financial year ended 31 December 2022.

FINANCIAL PERFORMANCE

The retail industry has been witnessing the ups and downs of the COVID-19 pandemic in recent years. During the financial year under review, Malaysia's transition to endemicity had spurred many economic activities in the country. The Group has seen a strong recovery of footfall at our retailing stores due to pent-up demand from eager shoppers. This has boosted the sales performance and profitability of our Malaysia retailing operations.

Our retailing operations in China, on the other hand, have been adversely affected by the resurgence of the coronavirus since early 2022. Operating activities of the Group's stores in Beijing, Shanghai, Xi'an, Shanxi and several other cities were inevitably affected by the prevention and control quarantine measures. Coupled with the uncertainties of the development of the pandemic and weak consumer sentiments, Parkson China's overall performance was weaker than the preceding reporting period. In the face of the repeated virus outbreaks, the Group has taken several cost control measures, including lowering the rental and operating costs, and stimulating consumers' spending by taking advantage of online platform promotions. At the same time, the Group has been actively applying for the government pandemic prevention allowance, grants and tax incentives to minimise the impact of the pandemic and other uncertainties.

Against the backdrop of these operating environments, the Group reported a revenue of RM2,923 million with an operating profit of RM218 million.

CORPORATE DEVELOPMENT

On 9 September 2022, Parkson Retail Group Limited ("PRGL"), a 54.97% owned subsidiary of the Company, had announced the proposed disposal of the properties in Qingdao City, Shandong Province, China ("Properties"), at a consideration of Rmb280 million (equivalent to approximately RM177 million) ("Disposal of Properties").

The shareholders' approval for PRGL on the Disposal of Properties had been obtained on 28 October 2022. The Disposal of Properties is pending the fulfilment of conditions precedent.

PROSPECTS

Looking ahead, the Group remains optimistic about the overall market prospects in **China**, with the increasing urbanisation rate and improvements in the living standard. The Group believes that with the lifting of COVID-19 related prevention and control measures, and the Group's effective business strategies and extensive experience in the retail market over the past two decades, it can achieve stable and sustainable performance despite the challenging environment.

On the **Southeast Asian** front, while the Group is hopeful that the upbeat momentum of consumer demand in Malaysia is sustainable along with the arrival of foreign tourists which is expected to boost sales performance, the Group takes cognizance of inflationary pressures and the higher cost of living which would affect consumer sentiments.

BOARD OF DIRECTORS

On behalf of the Board, I would like to extend a warm welcome to Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat who joined the Board as an independent non-executive Director of the Company on 24 November 2022. The Board is confident that the Group will benefit from his invaluable experience and expertise.

APPRECIATION

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

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

TAN SRI CHENG HENG JEM
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan ini membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad ("Syarikat" atau "Kumpulan") bagi tahun kewangan berakhir 31 Disember 2022.

PRESTASI KEWANGAN

Industri runcit menyaksikan pasang surut pandemik COVID-19 sejak beberapa tahun kebelakangan ini. Pada tahun kewangan dalam kajian, peralihan Malaysia kepada fasa endemik telah menggalakkan lebih banyak aktiviti ekonomi di dalam negara. Kumpulan melihat pemulihan pesat di gedung peruncitan kita berikutan peningkatan permintaan dari kalangan pembeli yang berkunjung. Ini telah meningkatkan prestasi jualan dan keuntungan operasi peruncitan kita di Malaysia.

Sementara itu, operasi peruncitan kita di China terjejas teruk akibat penularan semula koronavirus sejak awal 2022. Aktiviti operasi gedung peruncitan Kumpulan di Beijing, Shanghai, Xi'an, Shanxi dan beberapa bandar lain turut terkesan akibat langkah pencegahan dan penguatkuasaan kuarantin. Berikutan ketidaktentuan dalam perkembangan pandemik dan sentimen pengguna yang lemah, prestasi keseluruhan Parkson China adalah lebih lemah daripada tempoh pelaporan sebelumnya. Dalam mendepani penularan virus yang berulang, Kumpulan telah melaksanakan beberapa langkah kawalan kos, termasuk menurunkan kos sewa dan operasi, serta merangsang perbelanjaan pengguna dengan memanfaatkan promosi di platform dalam talian. Pada masa yang sama, Kumpulan secara aktif telah memohon elaun pencegahan pandemik kerajaan, geran dan insentif cukai bagi meminimumkan kesan pandemik dan ketidaktentuan lain.

Di sebalik persekitaran operasi ini, Kumpulan melaporkan pendapatan sebanyak RM2,923 juta dengan keuntungan operasi sebanyak RM218 juta.

Parkson Malaysia

PERKEMBANGAN KORPORAT

Pada 9 September 2022, Parkson Retail Group Limited ("PRGL"), subsidiari 54.97% kepentingan milik Syarikat, telah mengumumkan cadangan pelupusan hartanah di Bandar Qingdao, Wilayah Shandong, China ("Hartanah"), dengan pertimbangan bayaran sebanyak Rmb280 juta (bersamaan dengan kira-kira RM177 juta) ("Pelupusan Hartanah").

Kelulusan pemegang saham untuk PRGL berhubung Pelupusan Hartanah telah diperolehi pada 28 Oktober 2022. Pelupusan Hartanah kini tertakluk kepada syarat-syarat yang perlu dipenuhi terlebih dahulu.

PROSPEK

Memandang ke hadapan, Kumpulan kekal optimistik mengenai prospek pasaran keseluruhan di **China**, berikutan peningkatan kadar urbanisasi dan penambahbaikan dalam taraf hidup. Kumpulan percaya bahawa dengan pemansuhan langkah pencegahan dan kawalan berkaitan COVID-19, serta strategi perniagaan yang berkesan dan pengalaman meluas dalam pasaran peruncitan sepanjang dua dekad lalu, Kumpulan mampu mencapai prestasi yang stabil dan mampan walaupun dalam persekitaran yang mencabar.

Di pasaran **Asia Tenggara**, walaupun Kumpulan berharap momentum permintaan tinggi di kalangan pengguna di Malaysia kekal mampan seiring dengan ketibaan pelancong asing yang dijangka meningkatkan prestasi jualan, Kumpulan menyedari bahawa tekanan inflasi dan kos sara hidup yang lebih tinggi akan menjejaskan sentimen pengguna.

LEMBAGA PENGARAH

Bagi pihak Lembaga Pengarah, saya mengalu-alukan pelantikan Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat ke Lembaga Pengarah sebagai Pengarah Bebas Bukan Eksekutif Syarikat pada 24 November 2022. Lembaga Pengarah yakin Kumpulan akan beroleh manfaat daripada pengalaman dan juga kepakaran beliau.

PENGHARGAAN

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

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

TAN SRI CHENG HENG JEM
Pengerusi

主席报告

我谨代表董事部，提呈百盛控股有限公司（“公司”或“集团”），截至2022年12月31日会计年度的常年报告和经审核财务报表。

财务表现

近几年来，由于新冠肺炎流行病的肆虐，零售业见证了它所带来的跌宕起伏。在本会计年度，马来西亚将新冠肺炎过渡成为地方性流行病，刺激了国内许多经济活动。由于热切购物者的消费需求，本集团的百货商店的客流量激增。这使到我们在马来西亚的零售业务的销售表现和盈利大增。

另一方面，由于自2022年年初以来，新冠肺炎病毒卷土重来，我们在中国的零售业务受到不利影响。本集团在北京、上海、西安、陕西和另外几个城市的百货商店业务，不可避免的受到防范及管制隔离措施的影响。加上病毒的不确定性以及消费情绪疲软，中国百盛的整体表现比上一个会计年度差劲。由于病毒传染一再爆发，本集团采取了几项控制成本措施，包括降低租金和营运成本，以及采取有利的网上平台促销，以刺激消费者开支。与此同时，本集团积极申请政府防疫津贴、辅助金和税务优待，以减低疫情及其他不确定因素带来的不利影响。

在这些营运环境的背景之下，本集团的营运额达到29亿2千3百万令吉，营业利润共2亿1千8百万令吉。

Parkson Vietnam

企业发展

在2022年9月9日，本公司拥有54.97%股权的子公司百盛商业集团有限公司（“PRGL”）宣布有关建议出售在中国山东省青岛市的物业，售价为2亿8千万人民币（约等于1亿7千7百万令吉）（“出售物业”）。

在2022年10月28日，此项出售物业的建议已获得PRGL股东们的批准。现等待履行出售的先决条件才能完成。

展望

放眼未来，本集团仍然对在**中国**的总体市场前景保持乐观，这是由于中国的城市化率上升以及人民的生活水平改善。本集团深信，随着与新冠肺炎相关的防范和管制措施的解除，以及本集团采取有效的商业策略，再加上过去20多年在零售业市场取得的丰富经验，尽管环境充满挑战，我们在中国市场能够取得稳定和可持续的表现。

在**东南亚**，本集团认为，马来西亚随着外国游客的到来将刺激销售表现，消费者旺盛的需求冲劲是可以持续的；唯本集团注意到通货膨胀压力和生活费用的提高会影响到消费者情绪。

董事部

我谨代表董事部，热烈欢迎在2022年11月24日加入本公司董事部的尊贵的 Tan Sri Dato’Seri Dr Aseh bin Haji Che Mat出任独立非执行董事。董事部深信，本集团将会从他的宝贵经验和专业知识中受惠。

鸣谢

我谨代表董事部，真诚感谢我们所有尊贵的股东、客户、供应商、金融机构、商业伙伴以及政府当局，感谢他们在这充满挑战的时期，继续给予本集团支持与合作，并对本集团具有信心。

我也要真诚感谢董事们，这一年来给予宝贵的指导、支持与贡献。最后，我也要衷心感谢我们的管理层与职员对本集团的奉献、承诺与贡献。

主席
丹斯里锺廷森

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS

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

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

The businesses of the Group are spearheaded by Parkson Retail Group Limited ("PRGL"), listed on The Stock Exchange of Hong Kong Limited, which operates 42 retail stores in China; and Parkson Retail Asia Limited, listed on the Singapore Exchange Securities Trading Limited, that operates 39 retail stores in Southeast Asia.

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

	Number of Stores	
As at 31 December	**2022**	**2021**
Malaysia	**38**	38
China	**42**	45
Vietnam	**1**	2
	81	85

OVERVIEW

Consolidated Statement of Profit or Loss	**FYE 2022 (12 months) RM Million**	**FPE 2021 (*) (18 months) RM Million**
Continuing operations		
Gross sales proceeds	**7,047**	11,609
Revenue	**2,923**	4,820
Operating profit	**218**	482
Loss before tax	**(160)**	(58)

Consolidated Statement of Financial Position	**As at 31.12.2022 RM Million**	**As at 31.12.2021 RM Million**
Total assets	**8,893**	9,544
Deposits, cash and bank balances	**1,306**	1,309
Total liabilities	**6,440**	6,691
Total borrowings	**1,739**	1,390
Net assets	**1,484**	1,701

(*) : The Company had in 2021, changed its financial year end from 30 June to 31 December. The comparative information which was prepared for the 18-month period from 1 July 2020 to 31 December 2021 ("FPE 2021"), is therefore not comparable.

For the financial year ended 31 December 2022 ("FYE 2022"), the Group generated gross sales proceeds of RM7,047 million with a revenue of RM2,923 million. While the Group's retailing operations in Malaysia enjoyed impressive sales growth on the back of improved shopper traffic following the reduced impact of COVID-19, the Group's major contributor, Parkson China, had witnessed weak consumer sentiments brought about by the resurgence of the coronavirus since early 2022.

As a result, the Group registered a lower operating profit of RM218 million.

As at 31 December 2022, the Group's total assets decreased by 7% to RM8,893 million mainly due to impairment loss on assets totalling RM61 million, in addition to depreciation and amortisation. Total liabilities reduced by 4% to RM6,440 million primarily due to repayment to creditors and suppliers. During the year under review, the Group had drawn down HK$2,667.6 million (equivalent to approximately RM1,380 million) loans to refinance the existing syndicated loans of HK$2,112 million (equivalent to approximately RM1,091 million) and for general corporate and working capital needs of the Group. Accordingly, total borrowings were 25% higher at RM1,739 million. The Group's net assets stood at RM1,484 million or RM1.29 per share (31.12.2021: RM1,701 million or RM1.52 per share).

REVIEW OF OPERATIONS

Malaysia

	FYE 2022 (12 months)	**FPE 2021 (18 months)**
Number of stores	**38**	38
Revenue (RM Million)	**755**	720
Segment profit (RM Million)	**209**	65

For the FYE 2022, our Malaysia retailing operations witnessed a revival in its stores' footfall with improving consumer spending in tandem with the reduced impact of the COVID-19 pandemic and the full lifting of movement restrictions. Accordingly, our operations registered an encouraging revenue of RM755 million.

Operating profit surged to RM209 million for the FYE 2022. The improvement was attributed to the commendable revenue attained and improved gross profit margins, together with the Group's continuous efforts in optimising operating efficiencies and productivity.

While the Group is hopeful that the upbeat momentum of consumer demand in Malaysia is sustainable along with the arrival of foreign tourists which is expected to boost sales performance, the Group takes cognizance of inflationary pressures and the higher cost of living which would affect consumer sentiments. Under these circumstances, the Group is committed to improving or sustaining its performance, and will continue to stay focused on increasing stores' productivity and optimising operational efficiency besides further implementing cost control measures.

China

	FYE 2022 (12 months)	FPE 2021 (18 months)
Number of stores	**42**	45
Revenue (RM Million)	**2,107**	3,999
Segment profit (RM Million)	**27**	426

Parkson China's business has been adversely affected by the surge in new variants of the coronavirus in various cities in China since early 2022, along with the implementation of related prevention and control quarantine measures. Coupled with the uncertainties of the development of the pandemic and the weak consumer sentiments, Parkson China's overall performance was weaker than the preceding reporting period. The operations posted a revenue of RM2,107 million, but remained profitable at RM27 million attributable to the continuous efforts in optimising operating efficiencies and cost control measures.

Facing the continuous challenges of market changes and intense competition, the Group remains focused on its main business while exploring various business models through diversifying its income sources in driving its sustainable growth. In this regard, the Group constantly monitors the emerging trends in the beauty market and launches targeted development strategies with the aim of attracting the younger generation of consumers by offering customised service experiences. During the year under review, *Parkson Beauty* opened its new outlet in Wenzhou City to tap on the expanding market for beauty products in China.

The Group also constantly evaluates and adjusts its resources in a timely manner. During the year under review, the Group expanded the operating area of a store in Datong City to enhance its business formats, meet different customer demands and enrich the consumption experience of customers; whilst 4 stores were closed for better and more efficient utilisation of the Group's resources. As at 31 December 2022, the Group has a network coverage of 42 stores in 28 cities across China.

The Group believes that its strategy of "Multiple Stores in a City" and "Model Innovation" will reach out to more customers at different consumption levels and with different consumption habits. In January 2023, the Group opened a new store in Yichun City, Jiangxi Province. Meanwhile, the Group is setting up a new store in Nanchang County, which will be the Group's fourth store in Jiangxi Province, which is expected to be opened in the fourth quarter of 2023. Plans are also in the pipeline to expand its retail portfolio in Mianyang City where the Group currently has presence and market recognition.

Looking ahead, the Group remains optimistic about the overall market prospects in China, with the increasing urbanisation rate and improvements in the living standard. The Group believes that with the lifting of COVID-19 related prevention and control measures, and the Group's effective business strategies and extensive experience in the retail market over the past two decades, it can achieve stable and sustainable performance despite the challenging environment.

Vietnam

	FYE 2022 (12 months)	FPE 2021 (18 months)
Number of stores	**1**	2
Revenue (RM Million)	**8**	6
Segment (loss)/profit (RM Million)	**(7)**	27

The Group closed *Parkson Hung Vuong Plaza* in Ho Chi Minh City since the beginning of January 2022 in its efforts to rationalise its Vietnam operations. During the year under review, the competitive retail scene in Vietnam continued to exert pressure on our remaining store at *Saigon Tourist Plaza*, with competitors stepping up retail expansion and promotions amid post-pandemic recovery. For the FYE 2022, revenue of RM8 million with an operating loss of RM7 million were recorded.

Included in the operating profit for the FPE 2021 was income from subleasing to tenants of RM37 million. Excluding this one-off income, the operations would have recorded an operating loss of RM10 million for the FPE 2021.

Others

	FYE 2022 (12 months)	FPE 2021 (18 months)
Revenue (RM Million)	**54**	71
Segment loss (RM Million)	**(11)**	(2)

Results of this Division were mainly derived from the consumer financing business, operation of F&B business and investment holding. For the FYE 2022, the Group's consumer financing business continued to increase its revenue and operating profit whilst the F&B operations saw increasing foot traffic due to the reduced impact of the COVID-19 pandemic. The higher loss in the FYE 2022 was mainly due to foreign currency exchange loss.

The Group's consumer financing business carried out by *Parkson Credit* provides credit financial services such as purchasing products via instalment payments, to customers through its financial technology platform. For the FYE 2022, the operations continued to deliver promising results with revenue and operating profit registering RM46 million and RM26 million respectively. Moving forward, *Parkson Credit* will strive to improve and grow its market presence and profitability, including improving customer engagement via digitalisation and enhancing credit management in respect of under-performing/non-performing loan receivables, besides being committed in shifting the facets of business operations onto an online ecosystem for greater efficiency.

On the F&B operations, the Group has seen increasing foot traffic in its *Hogan* bakery outlets since the lifting of COVID-19 restrictions. More emphasis will be placed on further improving the productivity of the operations.

SUSTAINABILITY STATEMENT

The Group has embraced the values of corporate responsibility and elements of sustainability management since the early days of its operations. This Sustainability Statement provides an overview of our sustainability practices for financial year ended 31 December 2022 ("FY 2022") in the areas of Environmental, Social and Governance ("ESG") practices. We are committed to monitoring our performance relating to material sustainability issues and making efforts for continuous improvement.

MATERIALITY

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

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

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

Group Materiality Matrix

Level of Stakeholders Concern / Impact on Business	Low	Medium	High
High			• Product/Service Excellence and Customer Satisfaction • Staff Development and Retention • Fair and Ethical Operating Practices
Medium		• Use of Resources • Workplace Equal Opportunity • Inclusion of Disadvantaged Community Groups (Community well-being)	• Talent Attraction • Supply Chain Management • Innovation and Infrastructure
Low			

SUMMARY OF ESG MATERIAL TOPICS

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

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

Material Topics, Impacts and Management Approach and Goals

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

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

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

ENVIRONMENT

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

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

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

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

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

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

In December 2022, Parkson Corporation Sdn Bhd launched its 'Save The Planet' campaign effective 1 January 2023 to further instill the sustainability culture amongst its Headoffice employees.

WORKPLACE

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

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

- **Talent Attraction**

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

- **Staff Development and Retention**

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

- **Rewards and Performance**

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

- **Safety & Health in the Workplace**

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

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

- **Employee Engagement and Well-being**

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

  However, due to the COVID-19 restrictions, the Group continued to implement various precautionary measures recommended by the Ministry of Health, i.e. the protocols for hygiene and social distancing; cleaning and disinfecting workplaces when necessary; providing test kits for the weekly self-tests and face masks to employees as well as hand sanitisers to employees and visitors to our offices and premises. Non-essential travel was reduced and virtual meetings were encouraged.

  In view of the Employment Act (Amendments) 1955 having come into force on 1 January 2023, the Group had communicated the amendments pertaining to coverage of the Act, overtime eligibility, hospitalisation leave, working hours, amongst others, to all the operating companies via an internal memorandum in December 2022.

COMMUNITY

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

Empowerment through Education

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

Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at Lion Group companies during their semester breaks to prepare them for working in the corporate world. In FY 2022, the Foundation awarded scholarships worth RM10,000 per annum to 12 students based on their academic performance, extra-curricular activities and leadership qualities. Todate, the Foundation has sponsored a total of 503 students under its scholarship and other sponsorship programmes worth RM12.3 million.

Among the events organised by the Foundation was the Charity Sale of Chinese New Year calligraphy pieces and t-shirts by Foundation Chairman, Puan Sri Chelsia Cheng in aid of education, medical care and other charitable causes in January 2022. The charity sale raised a total of RM201,888 of which RM28,500 was presented to the Kuala Lumpur and Selangor Chinese Chamber of Commerce and Industry (KLSCCCI) for its Scholarship Fund while the balance of RM173,388 was for the Foundation's 12 new scholarships totalling RM120,000 and medical assistance fund which received RM53,388. Another charity event, "Jom! Run for Care", a virtual run had raised RM44,160.30 with the presentation of the proceeds to four beneficiaries in June 2022.

Home for Special Children

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

Medical Assistance for the Less Fortunate

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

As of 31 December 2022, approximately RM10.08 million had been disbursed in the form of sponsorship for medical treatment to 1,089 individuals including purchase of equipment and medication, as well as purchase of medicine for medical camps, dialysis machines for dialysis centres operated by National Kidney Foundation of Malaysia and Non-Governmental Organisations (NGOs) to provide subsidised treatment to those suffering from kidney failure, and medical equipment to assist COVID-19 patients in the hospitals during the pandemic.

Other CSR Initiatives

CSR activities by Parkson Credit Sdn Bhd included a visit to the Home for Handicapped and Mentally Disabled Children in Banting, Selangor by its staff bringing along groceries and toiletries as well as donations worth RM16,200 in January 2022. The company also organised a blood donation campaign in partnership with Pusat Darah Negara in November 2022.

MARKETPLACE

COVID-19 continues to have an impact on business operations, suppliers and customers in their contractual obligations due to the slowdown of economy activities and prolonged financial distress. We have taken proactive steps to address the risks of COVID-19 in a way that mitigates adverse impact on our supply chain, and initiated meetings and negotiations with key stakeholders to mutually resolve any issues that may arise.

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

(i) Customer Satisfaction And Experience

In today's highly competitive market, it is imperative for us to provide the best value and experience to our customers while they shop at Parkson and our F&B outlets, and in their dealings with Parkson Credit. To achieve this, we have implemented, *inter alia*, the following:

- **Product Responsibility**

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

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

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

- **System Efficiency**

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

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

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

- **Supply Chain Management**

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

- **Parkson Card Loyalty Programme**

  Our Parkson Card loyalty programme has enabled us to devise targeted promotions and events catering to the preference of our members. In addition, Parkson Card is accepted in all countries where we have operations, and is supported by a wide range of our merchant partners. The cross border benefits that all members enjoy are the discounts ranging from 5% to 6% depending on their membership tiers. As at 31 December 2022, we have a total of 2.25 million Parkson Card members.

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

- **Store Visits**

  We entertain requests from students of related retail and business courses from local institutes of higher learning to visit our stores, and welcome them and stakeholders to a tour of our stores to provide them with insights and hands-on experience in the retail industry.

- **Continuous Training for Servicing Personnel**

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

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

- **Customer Feedback**

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

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

- **Customer Privacy**

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

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

- **Innovation and Infrastructure**

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

  Parkson has implemented a B2B vendor online portal to facilitate vendors' management process.

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

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

  Parkson Credit has entered into a partnership with Pointstar Malaysia for Google Workspace which has many advantages that aligns perfectly with Parkson Credit's digitalisation roadmap i.e. security and privacy-focused policies; enhanced connectedness at any location as well as better asset and data protection which are Parkson Credit's highest priority.

(ii) Ethical and Responsible Business Practices

- **Anti-Corruption**

The Group is committed to operating our business with integrity and by adhering to ethical business principles. We maintain zero-tolerance for bribery, fraud and corruption, and have an Anti-Bribery and Corruption Policy ("ABC Policy") which abide by the rules, laws and regulations of the countries we are operating in and is available on Lion Group's website. This ABC Policy incorporated more comprehensive issues and a robust set of internal standards and procedures to further enhance the Group's core principles in the existing Code of Business Ethics and Conduct ("CoBEC"). A Bahasa Malaysia version of the ABC Policy is also available on the Group's intranet.

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

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

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

Tel. No. : 03-21423142
Email : whistleblower@lion.com.my
Address : Level 22, Menara Hap Seng 3, Plaza Hap Seng, No. 1 Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan

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

STAKEHOLDER ENGAGEMENT

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

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

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

FINANCIAL STATEMENTS

2022

For The Financial Year Ended 31 December 2022

DIRECTORS' REPORT

The Directors hereby present their report and the audited financial statements of the Group and of the Company for the financial year ended 31 December 2022.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally involved in the operation of department stores and related trading services, provision of money lending and credit services, provision of consultancy and management services, property management, operation of food and beverage businesses, intellectual property holding and investment holding.

The information on the name, country of incorporation/principal place of business, principal activities, and percentage of issued share capital held by the Company in the subsidiaries are set out in Note 15 to the financial statements.

RESULTS

	Group RM'000	Company RM'000
(Loss)/profit for the financial year:		
- Continuing operations	(209,783)	17,097
- Discontinued operations	(1,160)	–
	(210,943)	17,097
(Loss)/profit for the financial year attributable to:		
Owners of the parent	(119,945)	17,097
Non-controlling interests	(90,998)	–
	(210,943)	17,097

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than in respect of the Group, impairment losses on property, plant and equipment, right-of-use assets and intangible assets totalling RM60,669,000.

DIVIDEND

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

ISSUES OF SHARES AND DEBENTURES

The Company had on 2 March 2022, pursuant to the second tranche of the private placement, issued and allotted 30,000,000 new ordinary shares in the Company at RM0.165 per share for cash resulting in an increase in the issued share capital of the Company by RM4,950,000 from RM2,155,629,753 to RM2,160,579,753.

As at the date of this report, the total number of issued shares of the Company are 1,148,902,050 ordinary shares.

The new ordinary shares issued during the financial year 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 year 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	
Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat	(Appointed on 24 November 2022)

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

Au Chen Sum	
Au Jin Ee	(Appointed on 1 July 2022)
Bernadette Chong Yin Wah	(Appointed on 21 March 2022)
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	
Datuk Koong Lin Loong	
Gui Cheng Hock	
Haji Mohamad Khalid bin Abdullah	
Hu Da Zhi	
Jin Chun Xu	
Juliana Cheng San San	
Khor Ching Wee	

DIRECTORS (continued)

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

Lee Whay Keong	
Li Bing	
Li Cheng	
Loh Chai Hoon	
Low Kim Tuan	
Ma Li	
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	
Sam Chong Keen	
Tan Boon Heng	
Tan Kim Kee	
Tan Sri Cheng Heng Jem	
Wang Wing Ying	
Xie Hua	
Xiu Jun	
Xu Jing Chao	
Yau Ming Kim, Robert	
Yeo Keng Leong	(Appointed on 1 August 2022)
Yin Zheng Min	
Yu KaiYan	
Zhang Pei	
Zhang Jun	(Appointed on 11 November 2022)
Zhang Zhi Jun	
Zhou Jia	
Ro Changseok	(Resigned with effect from 18 April 2022)
Liew Yoo Fong	(Resigned with effect from 1 July 2022)
Michael Chan Foong Wee	(Ceased on 6 July 2022)
Cai Hao Ying	(Resigned with effect from 11 November 2022)
Wang Xiu Min	(Resigned with effect from 26 December 2022)

DIRECTORS' BENEFITS

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

Since the end of the previous financial period, 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 below) 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 has a substantial financial interest, save and except for the benefit which deemed to have arisen by virtue of the balances and transactions between the Company and its related corporations, and certain corporations in which a Director of the Company has a substantial interest, in the ordinary course of business of the Group and of the Company.

Details of the remuneration paid to or receivable by the Directors of the Company during the financial year are as follows:

	Group RM'000	Company RM'000
Executive Directors:		
Fees	331	75
Salaries and other emoluments, and pension costs	3,037	128
	3,368	203
Non-executive Directors:		
Fees	145	145
Other emoluments	34	34
	179	179
Total	3,547	382

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 RM87.91 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 year.

DIRECTORS' INTERESTS

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

		Number of ordinary shares		
	1.1.2022	**Acquired**	**Disposed**	**31.12.2022**
Tan Sri Cheng Heng Jem				
Direct interest	286,923,039	–	–	286,923,039
Deemed interest	339,994,089	–	–	339,994,089
Ooi Kim Lai				
Direct interest	197	–	–	197

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

Direct Interest

		Number of ordinary shares		
	1.1.2022	**Acquired**	**Disposed**	**31.12.2022**
Parkson Retail Asia Limited ("PRA")				
Tan Sri Cheng Heng Jem	500,000	–	–	500,000
Cheng Hui Yen, Natalie	50,000	–	–	50,000

Tan Sri Cheng Heng Jem
Deemed Interest

		Number of ordinary shares		
	1.1.2022	**Acquired**	**Disposed**	**31.12.2022**
Parkson Myanmar Investment Company Pte Ltd	2,100,000	–	–	2,100,000
PRA	457,933,300	–	–	457,933,300

		Number of ordinary shares of HK$0.02 each		
	1.1.2022	**Acquired**	**Disposed**	**31.12.2022**
Parkson Retail Group Limited	1,448,270,000	–	–	1,448,270,000

DIRECTORS' INTERESTS (continued)

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

Tan Sri Cheng Heng Jem
Deemed Interest

	Currency	1.1.2022	Acquired	Disposed	31.12.2022
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 year had any interest in shares in the Company or its related corporations during and at the end of the financial year.

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 be realised in the ordinary course of business, including their values as shown in the accounting records of the Group and of the Company 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.

OTHER STATUTORY INFORMATION (continued)

(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 year which secures the liabilities of any other person; or

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

(d) In the opinion of the Directors:

(i) no contingent liability or other liability has become enforceable or is likely to become enforceable within the period of 12 months after the end of the financial year which will or may affect the ability of the Group and of the Company to meet their obligations when they fall due; and

(ii) there has not arisen in the interval between the end of the financial year 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 year in which this report is made.

AUDITORS AND AUDITORS' REMUNERATION

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

The remuneration of the auditors of the Group and of the Company for the financial year ended 31 December 2022 amounted to RM4,110,000 and RM38,000 respectively.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 10 April 2023.

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 76 to 216 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 2022 and of their financial performance and their cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 10 April 2023.

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, Tan Sri Cheng Heng Jem, the Director primarily responsible for the financial management of Parkson Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 76 to 216 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the abovenamed Tan Sri Cheng Heng Jem at Kuala Lumpur in the Federal Territory on 10 April 2023.

TAN SRI CHENG HENG JEM

Before me,

W729
MARDHIYYAH ABDUL WAHAB
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 31 December 2022 of the Group and of the Company, and the statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 76 to 216.

In our 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 2022, and of their financial performance and their cash flows for the financial year 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 Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

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

Key Audit Matters	How our audit address the Key Audit Matters
Revenue recognition	
The Group relies on its information technology systems in the accounting for revenue from direct sales and commissions from concessionaire sales. Such information technology system processes large volumes of data which consists of individually low value transactions. The Group also recognised deferred revenue of RM13,518,000 as at 31 December 2022 in current liabilities in respect of customer loyalty programme. The quantum of deferred revenue recognised at each reporting period requires management's estimates in relation to the historical trends of redemption of customer loyalty points. The aforementioned factors gave rise to higher risk of material misstatements from the perspective of timing of recognition and the amount of revenue to be recognised. Accordingly, we identified revenue recognition to be an area of audit focus as the magnitude and the high volume of transactions may give rise to a higher risk of material misstatements relating to timing and the amount of revenue recognised. The disclosures for revenue and deferred revenue of the Group are included in Notes 4 and 31 respectively to the financial statements.	Our audit procedures included, amongst others: - involved our information technology specialists to test the operating effectiveness of the automated controls of the information technology systems; - tested the information technology dependent manual and manual controls in place to ensure the completeness and accuracy of revenue recognised, including the updating of approved product price changes in the system; - performed procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions; - tested the reconciliation of data between the Point of Sales system and the general ledger to corroborate the completeness of revenue; - assessed the accuracy of deferred revenue recognition using the historical rates of redemption of the customer loyalty points used by management; and - performed cut-off procedures to determine if revenue is recorded in the correct accounting period.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key Audit Matters (continued)

Key Audit Matters	How our audit address the Key Audit Matters
Impairment of property, plant and equipment and right-of-use assets The Group primarily operates retail stores in China, Malaysia and Vietnam, as well as food and beverage stores in Malaysia and China. The Group recognised property, plant and equipment and right-of-use assets with carrying amounts of RM1,906,538,000 and RM2,093,645,000, representing 29% and 32% respectively of non-current assets of the Group as at 31 December 2022. On an annual basis, management is required to assess for indications of impairment to determine if impairment assessment should be carried out. Having considered the loss-making performance of certain stores, management performed impairment testing with respective assets of those loss-making stores. The impairment testing requires management to make assumptions in the underlying cash flow forecast and projections. 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(a) 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; - held discussions with management and the auditors of the subsidiaries to obtain an understanding of assumptions used in the cash flow forecast and projections; - examined approved cash flow forecast and projections 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 and external valuation specialists to assist us in evaluating the appropriateness of discount rates, methodologies and assumptions used in the cash flow forecast and projections; - assessed the competency, capability and objectivity of the external expert; 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 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 RM1,180,187,000 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 forecast and projections. 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; - held discussions with management and the auditors of the subsidiaries to obtain an understanding of assumptions used in the cash flow forecast and projections; - 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 and external valuation specialists to assist us in evaluating the appropriateness of discount rates, methodologies and assumptions used in the cash flow forecast and projections; - assessed the competency, capability and objectivity of the external expert; 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 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
Going concern	
The Group has prepared their financial statements on a going concern basis, notwithstanding that the Group recorded: (i) a net loss of RM210,943,000 for the financial year ended 31 December 2022; and (ii) current liabilities exceeded its current assets by RM120,635,000 as at 31 December 2022. The above conditions give rise to concerns about whether the Group has sufficient cash flows to meet its obligations as and when they fall due. In the preparation of the Group's financial statements, the management reviewed the working capital sufficiency separately and independently by public listed subsidiaries i.e. Parkson Retail Group Limited ("PRGL") and Parkson Retail Asia Limited ("PRA"), and other subsidiaries as disclosed in Note 2.1 to the financial statements. The management has concluded that the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due. Accordingly, the Directors believe that there is no material uncertainty that exists and the preparation of the financial statements of the Group on a going concern basis is appropriate. This is a key audit matter due to the degree of judgement involved in our evaluation of the appropriateness of the going concern basis for the preparation of the financial statements of the Group.	Our audit procedures included, amongst others: - reviewed the sufficiency of the working capital and cash flows separately for PRGL, PRA and other subsidiaries; - reviewed and obtained an understanding of the key assumptions used in the preparation of the cash flow forecasts; - involved our internal valuation specialists to assist us in evaluating the appropriateness of discount rate, methodologies and assumptions used in the cash flow forecasts; - evaluated the reasonableness of the assumption used in the preparation of the cash flow forecasts; - performed sensitivity analysis of the key assumptions used; - made enquiries of management and reviewed the event subsequent to financial year end to evaluate any possible event which may affect the Group's ability to continue as a going concern; and - assessed the adequacy of disclosures in relation to going concern assessment.

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 RM2,671,212,000. 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 forecast and projections. 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; - held discussions with management and the auditors of the subsidiaries to obtain an understanding of assumptions used in the forecast and cash flow projections; - 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, and considering the viability of future plans, local economic conditions and industry outlook; - 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 forecast and projections; 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 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.

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)

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

- 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 year 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

1) In so far as to limitation of scope beyond the control of the Group as described in our auditors' report dated 13 April 2022 in respect of the financial statements for the financial period ended 31 December 2021 where P.T. Tozy Sentosa ("PT Tozy") was placed under bankruptcy proceedings and all books and records are in the hands of the receivers, the effect of the limitation of scope beyond the control of the Group in relation to:

   (a) the gain on deconsolidation of RM42,153,000 in the consolidated statement of profit or loss;
   (b) the write back of liabilities totalling RM166,233,000 in the consolidated statement of profit or loss; and
   (c) the exchange fluctuation reserves of RM3,359,000 in the consolidated statement of other comprehensive income.

   The above does not have any resultant effect to the consolidated statement of profit or loss for the financial period ended 31 December 2021. This is because the compensating effect is within the consolidated statement of profit or loss.

2) 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.

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

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

Kuala Lumpur, Malaysia
10 April 2023

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Note	Group 1.1.2022 to 31.12.2022 RM'000	Group 1.7.2020 to 31.12.2021 RM'000	Company 1.1.2022 to 31.12.2022 RM'000	Company 1.7.2020 to 31.12.2021 RM'000
Continuing operations					
Revenue	4	**2,922,581**	4,819,858	**–**	–
Other income	5	**319,793**	588,844	**–**	150
Purchase of goods and changes in inventories		**(1,442,522)**	(2,514,176)	**–**	–
Employee benefits expense	6	**(473,697)**	(731,132)	**(204)**	(309)
Depreciation and amortisation		**(547,546)**	(919,407)	**(1)**	(2)
Promotional and advertising expenses		**(39,009)**	(66,470)	**–**	–
Rental expenses		**(23,907)**	(10,365)	**–**	–
Other expenses	8(d)	**(497,635)**	(685,212)	**(1,524)**	(2,895)
Operating profit/(loss)		**218,058**	481,940	**(1,729)**	(3,056)
Finance income	7	**54,045**	93,620	**821**	1,565
Finance costs	7	**(369,622)**	(598,349)	**–**	–
Share of results of associates		**(1,001)**	7,223	**–**	–
Share of results of joint ventures		**(1,124)**	(2,165)	**–**	–
Reversal of impairment loss on amount due from a subsidiary	19	**–**	–	**18,127**	–
Effect on deconsolidation of a subsidiary	15(b)	**–**	42,153	**–**	–
Write down of liabilities relating to a subsidiary in bankruptcy	15(b)	**–**	166,233	**–**	–
Impairment loss on:					
- Property, plant and equipment	11	**(3,112)**	(67,334)	**–**	–
- An investment property	12	**–**	(10,300)	**–**	–
- Right-of-use assets	13	**(25,057)**	(136,132)	**–**	–
- Intangible assets	14	**(32,500)**	(25,257)	**–**	–
- Amount due from a joint venture		**–**	(10,000)	**–**	–
- Amounts due from subsidiaries	19	**–**	–	**(97)**	(27,329)
(Loss)/profit before tax	8	**(160,313)**	(58,368)	**17,122**	(28,820)
Income tax (expense)/credit	9	**(49,470)**	(99,335)	**(25)**	48
(Loss)/profit for the financial year/ period from continuing operations		**(209,783)**	(157,703)	**17,097**	(28,772)
Discontinued operations	33				
(Loss)/profit for the financial year/period from discontinued operations		**(1,160)**	27,772	**–**	–
(Loss)/profit for the financial year/period from continuing and discontinued operations		**(210,943)**	(129,931)	**17,097**	(28,772)

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

	Note	Group 1.1.2022 to 31.12.2022 RM'000	Group 1.7.2020 to 31.12.2021 RM'000	Company 1.1.2022 to 31.12.2022 RM'000	Company 1.7.2020 to 31.12.2021 RM'000
(Loss)/profit for the financial year/period attributable to:					
Owners of the parent		**(119,945)**	(101,800)	**17,097**	(28,772)
Non-controlling interests	15(c)	**(90,998)**	(28,131)	**–**	–
		(210,943)	(129,931)	**17,097**	(28,772)
Basic and diluted (loss)/earnings per share (sen):	10				
Continuing operations		**(10.42)**	(11.20)		
Discontinued operations		**(0.07)**	1.75		
		(10.49)	(9.45)		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
(Loss)/profit for the financial year/period	**(210,943)**	(129,931)	**17,097**	(28,772)
<u>**Other comprehensive income/(loss)**</u>				
Item that will not be reclassified to profit or loss:				
Change in fair value of financial assets	**175**	635	**–**	–
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation	**(193,482)**	364,457	**–**	–
Other comprehensive (loss)/income for the financial year/period, net of tax	**(193,307)**	365,092	**–**	–
Total comprehensive (loss)/income for the financial year/period	**(404,250)**	235,161	**17,097**	(28,772)
Total comprehensive (loss)/income for the financial year/period attributable to:				
Owners of the parent	**(221,508)**	96,827	**17,097**	(28,772)
Non-controlling interests	**(182,742)**	138,334	**–**	–
	(404,250)	235,161	**17,097**	(28,772)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	**1,906,538**	2,113,320
Investment properties	12	**452,447**	506,399
Right-of-use assets	13(a)	**2,093,645**	2,547,555
Intangible assets	14	**1,180,468**	1,313,474
Investments in associates	16	**27,300**	33,441
Investments in joint ventures	17	**8,197**	9,617
Deferred tax assets	18	**220,514**	200,170
Trade receivables	20	**157,788**	107,196
Other receivables	21	**393,798**	443,977
Investment securities	22	**17,504**	17,331
Time deposits	23	**15,869**	20,404
		6,474,068	7,312,884
Current assets			
Inventories	24	**386,831**	383,872
Trade and other receivables	20	**480,085**	495,215
Investment securities	22	**68,477**	59,345
Tax recoverable		**163**	4,110
Deposits, cash and bank balances	23	**1,290,200**	1,288,875
		2,225,756	2,231,417
Non-current assets classified as held for sale	34	**192,933**	–
		2,418,689	2,231,417
Total assets		**8,892,757**	9,544,301
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	25	**2,160,580**	2,155,630
Other reserves	26	**(1,512,314)**	(1,409,122)
Retained profits		**835,827**	954,143
		1,484,093	1,700,651
Non-controlling interests	15(c)	**968,972**	1,153,071
Total equity		**2,453,065**	2,853,722

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022 (continued)

	Note	2022 RM'000	2021 RM'000
Equity and liabilities (continued)			
Non-current liabilities			
Deferred tax liabilities	18	**126,149**	136,524
Loans and borrowings	27	**1,421,800**	67,005
Long term payables	28	**5,417**	8,596
Provisions	29	**17,217**	17,285
Lease liabilities	13(b)	**2,329,785**	2,741,903
		3,900,368	2,971,313
Current liabilities			
Trade and other payables	30	**1,260,395**	1,436,297
Contract liabilities	31	**414,305**	419,757
Loans and borrowings	27	**317,050**	1,323,230
Provisions	29	**5,816**	4,321
Lease liabilities	13(b)	**516,887**	508,000
Tax payables		**24,871**	27,661
		2,539,324	3,719,266
Total liabilities		**6,439,692**	6,690,579
Total equity and liabilities		**8,892,757**	9,544,301

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2022

	Note	2022 RM'000	2021 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	**4**	5
Intangible assets	14	**28**	28
Interests in subsidiaries	15	**2,671,212**	2,648,174
Amounts due from subsidiaries	19	**18**	15
		2,671,262	2,648,222
Current assets			
Trade and other receivables	20	**127**	133
Amounts due from subsidiaries	19	**3,689**	3,684
Deposits, cash and bank balances	23	**3,461**	3,422
		7,277	7,239
Total assets		**2,678,539**	2,655,461
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	25	**2,160,580**	2,155,630
Other reserves	26	**2,905,831**	2,905,831
Accumulated losses		**(2,393,600)**	(2,410,697)
Total equity		**2,672,811**	2,650,764
Current liabilities			
Trade and other payables	30	**891**	1,507
Amounts due to subsidiaries	32	**4,837**	3,190
Total liabilities		**5,728**	4,697
Total equity and liabilities		**2,678,539**	2,655,461

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Attributable to owners of the parent →						
	← Non-distributable →						
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25)	Other reserves RM'000 (Note 26)	Retained profits/ (accumulated losses) RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 1 January 2022	**2,155,630**	**–**	**(1,409,122)**	**954,143**	**1,700,651**	**1,153,071**	**2,853,722**
Total comprehensive loss for the financial year	**–**	**–**	**(101,563)**	**(119,945)**	**(221,508)**	**(182,742)**	**(404,250)**
Transactions with owners							
Transfer from capital reserves	**–**	**–**	**(1,629)**	**1,629**	**–**	**–**	**–**
Issue of share capital	**4,950**	**–**	**–**	**–**	**4,950**	**–**	**4,950**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(1,357)**	**(1,357)**
Total transactions with owners	**4,950**	**–**	**(1,629)**	**1,629**	**4,950**	**(1,357)**	**3,593**
At 31 December 2022	**2,160,580**	**–**	**(1,512,314)**	**835,827**	**1,484,093**	**968,972**	**2,453,065**
At 1 July 2020	4,151,005	(20,903)	(1,610,686)	(932,472)	1,586,944	1,036,942	2,623,886
Total comprehensive income/(loss) for the financial period	–	–	198,627	(101,800)	96,827	138,334	235,161
Transactions with owners							
Transfer to capital reserves	–	–	2,937	(2,937)	–	–	–
Resale of treasury shares	–	20,903	–	(14,919)	5,984	–	5,984
Issue of share capital	4,625	–	–	–	4,625	–	4,625
Share capital reduction	(2,000,000)	–	–	2,000,000	–	–	–
Dilution of equity interests in a subsidiary	–	–	–	6,271	6,271	(6,271)	–
Dividends to non-controlling interests	–	–	–	–	–	(15,934)	(15,934)
Total transactions with owners	(1,995,375)	20,903	2,937	1,988,415	16,880	(22,205)	(5,325)
At 31 December 2021	2,155,630	–	(1,409,122)	954,143	1,700,651	1,153,071	2,853,722

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	← Non-distributable		→		
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25)	Other reserves RM'000 (Note 26)	Accumulated losses RM'000	Total equity RM'000
At 1 January 2022	**2,155,630**	**–**	**2,905,831**	**(2,410,697)**	**2,650,764**
Total comprehensive income for the financial year	**–**	**–**	**–**	**17,097**	**17,097**
Transactions with owners					
Issue of share capital, representing total transactions with owners	**4,950**	**–**	**–**	**–**	**4,950**
At 31 December 2022	**2,160,580**	**–**	**2,905,831**	**(2,393,600)**	**2,672,811**
At 1 July 2020	4,151,005	(20,903)	2,905,831	(4,367,006)	2,668,927
Total comprehensive loss for the financial period	–	–	–	(28,772)	(28,772)
Transactions with owners					
Resale of treasury shares	–	20,903	–	(14,919)	5,984
Issue of share capital	4,625	–	–	–	4,625
Share capital reduction	(2,000,000)	–	–	2,000,000	–
Total transactions with owners	(1,995,375)	20,903	–	1,985,081	10,609
At 31 December 2021	2,155,630	–	2,905,831	(2,410,697)	2,650,764

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Cash flows from operating activities				
(Loss)/profit before tax:				
- Continuing operations	**(160,313)**	(58,368)	**17,122**	(28,820)
- Discontinued operations	**(1,160)**	27,772	**–**	–
Adjustments for:				
Depreciation and amortisation	**547,546**	931,362	**1**	2
Write off of:				
- Property, plant and equipment	**481**	7,657	**–**	–
- Intangible assets	**–**	247	**–**	–
Impairment loss on interests in subsidiaries	**–**	–	**–**	865
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	**3,112**	67,334	**–**	–
- An investment property	**–**	10,300	**–**	–
- Right-of-use assets	**25,057**	136,132	**–**	–
- Intangible assets	**32,500**	25,257	**–**	–
- Receivables	**12,992**	35,168	**–**	–
- Amounts due from subsidiaries	**–**	–	**97**	27,329
Write down of inventories	**656**	2,086	**–**	–
Reversal of impairment loss on:				
- Property, plant and equipment	**(1,271)**	(12,885)	**–**	–
- Right-of-use assets	**(6,630)**	(15,332)	**–**	–
- Receivables	**(2,844)**	(270)	**–**	(150)
- Amount due from a subsidiary	**–**	–	**(18,127)**	–
Unrealised foreign currency exchange loss/(gain)	**30,361**	(4,248)	**–**	–
Loss/(gain) on disposal of:				
- Property, plant and equipment	**1,980**	3,239	**–**	–
- Investment properties	**(811)**	–	**–**	–
- Subsidiaries	**(869)**	(197)	**–**	–
- Non-current assets classified as held for sale	**–**	586	**–**	–
Rent concessions related to COVID-19	**(40,717)**	(96,253)	**–**	–
Defined benefit plan	**–**	1,817	**–**	–
Share of results of associates	**1,001**	(7,223)	**–**	–
Share of results of joint ventures	**1,124**	2,165	**–**	–
Finance costs	**369,622**	608,833	**–**	–
Finance income	**(54,045)**	(93,635)	**(821)**	(1,565)
Income from subleasing right-of-use assets	**(581)**	(55,550)	**–**	–
Income from lease modification and lease termination	**(13,199)**	(101,281)	**–**	–
Dividend income from investment securities	**(750)**	(1,197)	**–**	–
Operating profit/(loss) before working capital changes	**743,242**	1,205,130	**(1,728)**	(2,324)

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000	1.1.2022 to 31.12.2022 RM'000	1.7.2020 to 31.12.2021 RM'000
Cash flows from operating activities (continued)				
Operating profit/(loss) before working capital changes, brought forward	**743,242**	1,205,130	**(1,728)**	(2,324)
Changes in working capital:				
Inventories	**(10,806)**	(6,826)	**–**	–
Receivables	**(144,258)**	(151,445)	**(4,201)**	(7,392)
Payables	**(137,780)**	222,844	**1,031**	(243)
Cash flows generated from/(used in) operations	**450,398**	1,269,703	**(4,898)**	(9,959)
Taxes (paid)/refunded	**(80,300)**	(129,941)	**(25)**	48
Interest paid	**(94,298)**	(113,542)	**–**	–
Interest received	**28,957**	57,417	**12**	297
Net cash flows generated from/(used in) operating activities	**304,757**	1,083,637	**(4,911)**	(9,614)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 11(iv))	**(64,779)**	(170,078)	**–**	–
Additions to investment properties	**(37,810)**	(133,322)	**–**	–
Proceeds from disposal of:				
- Property, plant and equipment	**237**	2,609	**–**	–
- Investment properties	**3,838**	–	**–**	–
- Non-current assets classified as held for sale	**84,293**	39,290	**–**	–
Proceeds from subleases	**63,788**	73,699	**–**	–
Net cash inflow on disposal of equity interest in subsidiaries (Note 15(a))	**84**	39	**–**	–
Net cash outflow on deconsolidation of a subsidiary (Note 15(b))	**–**	(1,903)	**–**	–
Dividends received from:				
- Associates	**4,021**	219	**–**	–
- A joint venture	**–**	7,399	**–**	–
- Investment securities	**1,350**	83	**–**	–
Changes in:				
- Investment securities	**(11,171)**	95,224	**–**	–
- Deposits with banks	**431,799**	334,275	**–**	–
Net cash flows generated from investing activities	**475,650**	247,534	**–**	–

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022 (continued)

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Cash flows from financing activities				
Dividends paid to non-controlling interests	**(1,357)**	(15,934)	**–**	–
Proceeds from resale of treasury shares (Note 25(b))	**–**	5,984	**–**	5,984
Issue of share capital (Note 25(a))	**4,950**	4,625	**4,950**	4,625
Proceeds from loans and borrowings (Note 27)	**1,439,773**	129,991	**–**	–
Repayment of loans and borrowings (Note 27)	**(1,184,486)**	(710,342)	**–**	–
Payment of lease liabilities	**(586,023)**	(988,106)	**–**	–
Net cash flows (used in)/generated from financing activities	**(327,143)**	(1,573,782)	**4,950**	10,609
Net increase/(decrease) in cash and cash equivalents	**453,264**	(242,611)	**39**	995
Effects of changes in exchange rates	**(9,141)**	76,442	**–**	–
Cash and cash equivalents at beginning of the financial year/period	**807,145**	973,314	**3,422**	2,427
Cash and cash equivalents at end of the financial year/period (Note 23)	**1,251,268**	807,145	**3,461**	3,422

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

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 year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 10 April 2023.

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 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 or '000) except when otherwise indicated.

The Group incurred a net loss of RM210,943,000 for the financial year ended 31 December 2022, and as of that date, the Group's current liabilities exceeded its current assets by RM120,635,000.

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

(a) Cash flows of public listed subsidiaries i.e. Parkson Retail Group Limited and Parkson Retail Asia Limited, and other subsidiaries are managed and reviewed separately and independently.

(b) The Group will be able to generate sufficient cash flows from its retailing operations in Malaysia and China to pay its liabilities as and when they fall due, depends on the following conditions:

- continuing support from creditors and lenders;
- increase sales through promotional and marketing activities; and
- optimising operational efficiencies besides further implementing cost control measures.

(c) There are no financial guarantee that is likely to be materialised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

The validity of the going concern assumption of the Group is 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 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.

2.2 Changes in accounting policies

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

On 1 January 2022, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2022.

Description

- 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

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.

2.3 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 2023

- 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 Errors - Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Effective for annual periods beginning on or after 1 January 2024

- Amendments to MFRS 16 - Lease Liability in a Sale and Leaseback
- Amendments to MFRS 101 Presentation of Financial Statements - Non-current Liabilities with Covenants

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective (continued)

Deferred to a date to be determined by the Malaysian Accounting Standards Board

- Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

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

2.4 Basis of consolidation

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

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

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Business combinations and goodwill

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

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

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investments in associates and joint ventures

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

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

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

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

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

The 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 (2021: 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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Intangible assets (continued)

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

- **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 range from 42 to 45 years (2021: 42 to 45 years).

2.12 Impairment of non-financial assets

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

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

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

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets (continued)

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

The following assets have specific characteristics for impairment testing:

<u>Goodwill</u>

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

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

<u>Intangible assets</u>

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

2.13 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

<u>Initial recognition and measurement</u>

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

Initial recognition and measurement (continued)

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

- **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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

Subsequent measurement (continued)

- **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.

- **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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(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.

- **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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(b) Impairment of financial assets (continued)

- **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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(c) Financial liabilities (continued)

Subsequent measurement (continued)

- **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.

2.15 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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 said provisions, which were unfunded, were estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

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

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

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.

(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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases (continued)

Group as a lessee (continued)

(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.

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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Leases (continued)

Group as a lessor (continued)

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 food and beverage operations is recognised upon the delivery of products and customers' acceptance, if any, and performance of services.

(k) Revenue from credit services

Revenue from credit services represents the profit income from financing receivables. The revenue is recognised as income over the period of instalment payments calculated using the effective profit rate method.

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 40, 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 Non-current asset held for sale or distribution to owners

Non-current assets, or disposal group comprising assets and liabilities, that are expected to be recovered primarily through sale or distribution to owners rather than through continuing use, are classified as held for sale or distribution.

Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs of disposal.

Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, contract assets, contract costs, financial assets, deferred tax assets, employee benefit assets and investment properties, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted associates and joint ventures ceases once classified as held for sale or distribution.

2.32 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; or
- (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.

(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. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainties

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 authorities. 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.

(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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainties (continued)

(iii) Impairment of goodwill and other intangibles

The Group recognises 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 other intangibles are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or CGU and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill and sensitivity analysis to changes in assumptions are disclosed in Note 14.

The Group's impairment loss recognised is segregated by segments as follows:

	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Retailing - China	**32,500**	24,698
Others	**–**	559
	32,500	25,257

(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 RM1,236,376,000 (2021: RM1,208,475,000) of unused tax losses and RM30,538,000 (2021: RM29,136,000) 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 RM316,004,000 (2021: RM315,351,000). Further details on deferred taxes are disclosed in Note 18.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainties (continued)

(v) Impairment of property, plant and equipment and right-of-use assets

The Group recognises 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 year 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 year are disclosed in Notes 11 and 13(a) respectively.

The pre-tax discount rates applied to the cash flow projection for Malaysia, China and Vietnam are 7.8% (2021: 8.0%), 10.5% (2021: 14.0%) and 17.3% (2021: 8.9%) respectively.

The Group's impairment loss recognised is segregated by segments as follows:

	Property, plant and equipment		**Right-of-use assets**	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Retailing:				
- Malaysia	**–**	14,295	**–**	–
- China	**2,400**	28,601	**25,057**	23,862
- Vietnam	**712**	10,331	**–**	4,439
- Indonesia	**–**	14,107	**–**	107,831
	3,112	67,334	**25,057**	136,132

(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.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainties (continued)

(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 interests in subsidiaries recognised at the reporting date is disclosed in Note 15.

(viii) Provisions for restoration costs

The Group makes provisions for restoration costs based on the estimated costs to restore the leased areas in the event of relocation. As at 31 December 2022, the Group has the balance of provisions for restoration costs of RM23,033,000 (2021: RM21,606,000). A 10% difference in the estimated costs to restore the leased areas would result in approximately RM2,303,000 (2021: RM2,161,000) variance in provisions for restoration costs. Further details on provisions for restoration costs are disclosed in Note 29.

(ix) Allowance for inventory obsolescence and slow-moving inventories

Management reviews the condition of inventories of the Group and makes allowance 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.

(x) Non-current assets classified as held for sale

During the financial year ended 31 December 2022, the Group had entered into sale and purchase agreements with third parties to dispose certain property, plant and equipment and investment properties, and equity interests in joint ventures. The Group had also identified and commenced negotiations with a potential purchaser for the proposed disposal of part of a leasehold land and subsequent to the reporting date, had entered into a sale and purchase agreement in relation to the proposed disposal. These assets were reclassified as non-current assets classified as held for sale as at 31 December 2022. The Group considers these assets meet the criteria to be classified as held for sale for the following reasons:

- assets are available for immediate sale and can be sold to potential buyers in their current conditions;
- actions to complete the sale were initiated and expected to be completed within one year from the date of initial classification; and
- third party buyers have been identified and negotiations are at an advance stage at the reporting date.

Further details on non-current assets classified as held for sale are disclosed in Note 34.

4. REVENUE

	Group	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Continuing operations		
Revenue from contracts with customers: (i)		
Sales of goods - direct sales	**1,739,139**	2,986,500
Commissions from concessionaire sales (ii)	**872,460**	1,357,327
Food and beverage ("F&B") operations	**6,729**	7,932
Consultancy and management service fees	**7,379**	27,909
	2,625,707	4,379,668
Revenue from other sources:		
Rental income	**250,074**	377,410
Credit services	**46,050**	61,583
Dividend income from investment securities	**750**	1,197
	296,874	440,190
	2,922,581	4,819,858
Discontinued operations		
Revenue from contracts with customers: (i)		
Sales of goods - direct sales	**–**	1,510
Commissions from concessionaire sales (ii)	**–**	16,836
	–	18,346
Revenue from other sources:		
Rental income	**–**	7,105
	–	25,451

4. REVENUE (continued)

(i) Set out below is the disaggregation of the Group's revenue from contracts with customers:

	Sales of goods - direct sales RM'000	Commissions from concessionaire sales RM'000	F&B operations RM'000	Consultancy and management service fees RM'000	Total revenue from contracts with customers RM'000
For the financial year ended 31 December 2022					
Continuing operations					
Geographical market:					
Within Malaysia	**343,255**	**406,908**	**6,729**	**–**	**756,892**
Outside Malaysia	**1,395,884**	**465,552**	**–**	**7,379**	**1,868,815**
	1,739,139	**872,460**	**6,729**	**7,379**	**2,625,707**
Timing of revenue recognition:					
At a point in time	**1,739,139**	**872,460**	**6,729**	**–**	**2,618,328**
Over time	**–**	**–**	**–**	**7,379**	**7,379**
	1,739,139	**872,460**	**6,729**	**7,379**	**2,625,707**

4. REVENUE (continued)

(i) Set out below is the disaggregation of the Group's revenue from contracts with customers: (continued)

	Sales of goods - direct sales RM'000	Commissions from concessionaire sales RM'000	F&B operations RM'000	Consultancy and management service fees RM'000	Total revenue from contracts with customers RM'000
For the financial period ended 31 December 2021					
Continuing operations					
Geographical market:					
Within Malaysia	362,391	351,734	7,932	–	722,057
Outside Malaysia	2,624,109	1,005,593	–	27,909	3,657,611
	2,986,500	1,357,327	7,932	27,909	4,379,668
Timing of revenue recognition:					
At a point in time	2,986,500	1,357,327	7,932	–	4,351,759
Over time	–	–	–	27,909	27,909
	2,986,500	1,357,327	7,932	27,909	4,379,668
Discontinued operations					
Geographical market:					
Outside Malaysia	1,510	16,836	–	–	18,346
Timing of revenue recognition:					
At a point in time	1,510	16,836	–	–	18,346

4. REVENUE (continued)

(ii) The commissions from concessionaire sales are analysed as follows:

	Group	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Gross revenue from concessionaire sales		
- Continuing operations	**4,996,720**	8,146,284
- Discontinued operations	**–**	97,795
Commissions from concessionaire sales		
- Continuing operations	**872,460**	1,357,327
- Discontinued operations	**–**	16,836

5. OTHER INCOME

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Continuing operations				
Management fees	**71,123**	98,600	**–**	–
Promotion income	**29,446**	57,804	**–**	–
Administration fees	**90,162**	117,923	**–**	–
Credit card handling fees	**16,000**	29,466	**–**	–
Equipment and display space lease income	**36,154**	57,756	**–**	–
Service fees	**14,918**	26,087	**–**	–
Government grants (i)	**6,855**	7,397	**–**	–
Income from subleasing right-of-use assets	**581**	55,550	**–**	–
Income from lease modification and lease termination	**13,199**	63,031	**–**	–
Others	**41,355**	75,230	**–**	150
	319,793	588,844	**–**	150
Discontinued operations				
Income from lease modification and lease termination	**–**	38,250	**–**	–
Others	**153**	3,599	**–**	–
	153	41,849	**–**	–

(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 year/period, 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	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Continuing operations				
Wages, salaries and bonuses	**358,537**	578,564	**195**	292
Defined contribution plans	**44,839**	51,668	**–**	–
Defined benefit plan	**–**	1,817	**–**	–
Other staff related expenses	**70,321**	99,083	**9**	17
	473,697	731,132	**204**	309
Discontinued operations				
Wages, salaries and bonuses	**–**	1,596	**–**	–
Other staff related expenses	**–**	1,284	**–**	–
	–	2,880	**–**	–

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM3,368,000 (2021: RM4,780,000) and RM203,000 (2021: RM308,000) respectively as further disclosed in Note 8(b).

7. FINANCE INCOME/COSTS

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Finance income				
Continuing operations				
Interest income on:				
Short term deposits and others	**25,725**	43,440	**12**	70
Amounts due from subsidiaries	**–**	–	**809**	1,495
Lease receivables from subleases	**25,474**	39,743	**–**	–
Discount adjustments on rental deposits receivable	**1,149**	4,499	**–**	–
Gain on redemption of financial assets at fair value through profit or loss ("FVPL")	**946**	4,804	**–**	–
Change of fair value of financial assets at FVPL	**751**	1,134	**–**	–
	54,045	93,620	**821**	1,565
Discontinued operations				
Interest income on:				
Short term deposits and others	**–**	15	**–**	–

7. FINANCE INCOME/COSTS (continued)

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Finance costs				
Continuing operations				
Interest expenses on:				
Term loans and bank loans	**93,104**	112,737	**–**	–
Bank overdrafts and others	**388**	507	**–**	–
Lease liabilities	**275,543**	484,413	**–**	–
Unwinding of discount on:				
Rental deposits payable	**29**	12	**–**	–
Provisions for restoration costs	**558**	680	**–**	–
	369,622	598,349	**–**	–
Discontinued operations				
Interest expenses on:				
Lease liabilities	**–**	10,405	**–**	–
Others	**–**	79	**–**	–
	–	10,484	**–**	–

8. (LOSS)/PROFIT BEFORE TAX

(a) (Loss)/profit before tax is stated at after charging/(crediting):

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Continuing operations				
Directors' remuneration (Note 8(b))	**3,547**	5,041	**382**	569
Auditors' remuneration related to:				
Statutory audit:				
- Grant Thornton Malaysia PLT	**862**	1,076	**30**	38
- member firm of Grant Thornton International	**2,400**	2,407	**–**	–
- Other auditors	**539**	1,994	**–**	–
- Overprovision	**(35)**	–	**–**	–
Assurance-related services:				
- Grant Thornton Malaysia PLT	**14**	8	**8**	8
- member firm of Grant Thornton International	**241**	182	**–**	–
- Other auditors	**38**	37	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**144,510**	251,629	**1**	2
- Investment properties	**5,779**	8,955	**–**	–
- Right-of-use assets	**397,209**	658,070	**–**	–
- Intangible assets	**48**	753	**–**	–
Write off of:				
- Property, plant and equipment	**481**	7,657	**–**	–
- Intangible assets	**–**	247	**–**	–
Impairment loss on interests in subsidiaries (Note 15)	**–**	–	**–**	865
Loss on dissolution of a subsidiary	**–**	–	**–**	15
Allowance for impairment loss on receivables (Notes 20 and 21)	**12,992**	35,168	**–**	–
Write down of inventories	**656**	2,086	**–**	–
Reversal of impairment loss on:				
- Property, plant and equipment	**(1,271)**	(12,885)	**–**	–
- Right-of-use assets	**(6,630)**	(15,332)	**–**	–
- Receivables	**(2,844)**	(270)	**–**	(150)
Foreign currency exchange loss/(gain), net:				
- Realised	**5,417**	(7,242)	**–**	1
- Unrealised	**30,361**	(4,248)	**–**	–
Loss/(gain) on disposal of:				
- Property, plant and equipment	**1,980**	5,191	**–**	–
- Investment properties	**(811)**	–	**–**	–
- Subsidiaries (Note 15(a))	**(869)**	(197)	**–**	–
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**64,624**	106,618	**–**	–
- Rent concessions related to COVID-19	**(40,717)**	(96,253)	**–**	–

8. (LOSS)/PROFIT BEFORE TAX (continued)

(a) (Loss)/profit before tax is stated at after charging/(crediting): (continued)

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Discontinued operations				
Auditors' remuneration related to statutory audit:				
- Other auditors	**16**	52	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment	**–**	319	**–**	–
- Right-of-use assets	**–**	11,636	**–**	–
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	**–**	–

(b) The details of remuneration paid to or receivable by the Directors of the Company during the financial year/period are as follows:

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Continuing operations				
Executive Directors:				
Fees	**331**	371	**75**	112
Salaries and other emoluments	**2,991**	4,349	**128**	196
Pension costs - defined contribution plans	**46**	60	**–**	–
	3,368	4,780	**203**	308
Non-executive Directors:				
Fees	**145**	211	**145**	211
Other emoluments	**34**	50	**34**	50
	179	261	**179**	261
Total Directors' remuneration (Note 8(a))	**3,547**	5,041	**382**	569

8. (LOSS)/PROFIT BEFORE TAX (continued)

(c) The number of Directors of the Company whose total remuneration during the financial year/period fell within the following bands is analysed below:

	Number of Directors			
	Group		Company	
	1.1.2022 to 31.12.2022	**1.7.2020 to 31.12.2021**	**1.1.2022 to 31.12.2022**	**1.7.2020 to 31.12.2021**
Continuing operations				
Executive Directors:				
- RM50,000 and below	**–**	–	**1**	1
- RM150,001 to RM200,000	**–**	–	**1**	–
- RM250,001 to RM300,000	**–**	–	**–**	1
- RM450,001 to RM500,000	**1**	–	**–**	–
- RM650,001 to RM700,000	**–**	1	**–**	–
- RM2,850,001 to RM2,900,000	**1**	–	**–**	–
- RM4,100,001 to RM4,150,000	**–**	1	**–**	–
Non-executive Directors *:				
- RM50,000 and below	**1**	–	**1**	–
- RM50,001 to RM100,000	**3**	3	**3**	3

* 31.12.2022 : Including a Director who was appointed on 24 November 2022.

(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	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Continuing operations				
Income tax:				
Malaysian income tax	**53,194**	13,445	**4**	23
Foreign tax	**31,368**	147,207	**–**	–
	84,562	160,652	**4**	23
(Over)/under provision in prior years	**(807)**	(4,777)	**21**	(71)
	83,755	155,875	**25**	(48)
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	**(35,694)**	(50,965)	**–**	–
Under/(over) provision in prior years	**1,409**	(5,575)	**–**	–
	(34,285)	(56,540)	**–**	–
Total income tax expense/(credit)	**49,470**	99,335	**25**	(48)

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% (2021: 24%) of the estimated assessable profit or loss for the year/period.

Under the PRC income tax regulation, 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% (2021: 25%) on their respective taxable income. As at 31 December 2022, 3 (2021: 4) PRC entities within the Group were granted preferential corporate income tax rate of 15% from the relevant PRC tax authorities.

Subsidiaries incorporated in Vietnam, Singapore, Cambodia, Laos and Myanmar are subject to tax rates of 20%, 17%, 20%, 20% and 22% (2021: 20%, 17%, 20%, 20% and 25%) respectively for the financial year ended 31 December 2022.

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 year/period are as follows:

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
(Loss)/profit before tax:				
- Continuing operations	**(160,313)**	(58,368)	**17,122**	(28,820)
- Discontinued operations	**(1,160)**	27,772	**–**	–
	(161,473)	(30,596)	**17,122**	(28,820)
Tax at Malaysian statutory tax rate of 24% (2021: 24%)	**(38,754)**	(7,343)	**4,109**	(6,917)
Different tax rates in other jurisdiction	**(238)**	(9,178)	**–**	–
Expenses not deductible for tax purposes	**28,664**	71,558	**439**	6,976
Income not subject to tax	**(2,173)**	(68,848)	**(4,544)**	(36)
Deferred tax assets not recognised	**66,365**	136,649	**–**	–
Utilisation of previously unrecognised tax losses	**(6,040)**	(2,159)	**–**	–
Reversal of previously recognised tax losses	**1,095**	9,363	**–**	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**(561)**	(19,141)	**–**	–
(Over)/under provision of income tax in prior years	**(807)**	(4,777)	**21**	(71)
Under/(over) provision of deferred tax in prior years	**1,409**	(5,575)	**–**	–
Effects on share of results of associates and joint ventures	**510**	(1,214)	**–**	–
Tax expense/(credit)	**49,470**	99,335	**25**	(48)

The above reconciliation has been prepared by aggregating separate reconciliations for each national jurisdiction.

10. (LOSS)/EARNINGS PER SHARE

(a) Basic

Basic (loss)/earnings per share is calculated by dividing the (loss)/profit for the financial year/period attributable to owners of the parent by the weighted average number of ordinary shares in issue (net of treasury shares) during the financial year/period.

	Group	
	1.1.2022 to 31.12.2022	**1.7.2020 to 31.12.2021**
(Loss)/profit for the financial year/period attributable to owners of the parent (RM'000):		
- Continuing operations	**(119,157)**	(120,674)
- Discontinued operations	**(788)**	18,874
	(119,945)	(101,800)
Weighted average number of ordinary shares in issue ('000)	**1,143,971**	1,077,460
Basic (loss)/earnings per share (sen):		
- Continuing operations	**(10.42)**	(11.20)
- Discontinued operations	**(0.07)**	1.75
	(10.49)	(9.45)

(b) Diluted

The basic (loss)/earnings per share and the diluted (loss)/earnings per share are the same for the financial year/period as the Company has no dilutive potential ordinary shares as at the end of the reporting date.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings (i) RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations (ii) RM'000	Capital work-in-progress (iii) RM'000	Total RM'000
At 31 December 2022						
Cost						
At 1 January 2022	1,785,555	16,269	465,384	1,373,937	539,815	4,180,960
Additions	–	590	6,962	50,140	9,160	66,852
Disposals	–	(2,756)	(17,255)	(108,160)	–	(128,171)
Write off	–	–	(20,159)	(15,601)	–	(35,760)
Disposal of a subsidiary (Note 15(a)(i))	–	–	(7,475)	–	–	(7,475)
Reclassification to non-current assets classified as held for sale (Note 34)	(208,836)	–	–	–	–	(208,836)
Reclassification	–	–	634	23,846	(24,480)	–
Exchange differences	(61,045)	66	(12,849)	(27,647)	(15,189)	(116,664)
At 31 December 2022	1,515,674	14,169	415,242	1,296,515	509,306	3,750,906
Accumulated depreciation						
At 1 January 2022	461,935	13,677	355,301	1,118,619	–	1,949,532
Charge for the financial year	44,715	472	27,755	71,568	–	144,510
Disposals	–	(2,641)	(15,377)	(107,936)	–	(125,954)
Write off	–	–	(13,030)	(15,218)	–	(28,248)
Disposal of a subsidiary (Note 15(a)(i))	–	–	(6,572)	–	–	(6,572)
Reclassification to non-current assets classified as held for sale (Note 34)	(150,433)	–	–	–	–	(150,433)
Exchange differences	(13,906)	1	(5,750)	(23,913)	–	(43,568)
At 31 December 2022	342,311	11,509	342,327	1,043,120	–	1,739,267
Accumulated impairment loss						
At 1 January 2022	–	36	30,745	50,242	37,085	118,108
Impairment loss for the financial year	–	14	1,979	1,119	–	3,112
Reversal of impairment loss for the financial year	–	–	(569)	(558)	(144)	(1,271)
Write off	–	–	(6,858)	(173)	–	(7,031)
Exchange differences	–	–	(1,229)	(8,643)	2,055	(7,817)
At 31 December 2022	–	50	24,068	41,987	38,996	105,101
Net carrying amount						
At 31 December 2022	1,173,363	2,610	48,847	211,408	470,310	1,906,538

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings (i) RM'000	Land RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations (ii) RM'000	Capital work-in-progress (iii) RM'000	Total RM'000
At 31 December 2021							
Cost							
At 1 July 2020	1,692,838	9,942	16,736	548,640	1,425,954	503,166	4,197,276
Additions	–	–	1,171	21,919	105,155	43,520	171,765
Disposals	–	–	(2,004)	(70,896)	(116,428)	(10,188)	(199,516)
Write off	–	–	–	(45,002)	(54,937)	(76)	(100,015)
Deconsolidation of a subsidiary	(37,060)	(9,562)	(512)	(11,129)	(92,057)	–	(150,320)
Reclassification	352	–	–	3,067	28,659	(32,078)	–
Exchange differences	129,425	(380)	878	18,785	77,591	35,471	261,770
At 31 December 2021	1,785,555	–	16,269	465,384	1,373,937	539,815	4,180,960
Accumulated depreciation							
At 1 July 2020	374,745	–	14,384	396,739	1,106,144	–	1,892,012
Charge for the financial period	68,752	–	747	52,075	130,374	–	251,948
Disposals	–	–	(1,847)	(58,847)	(105,410)	–	(166,104)
Write off	–	–	–	(38,518)	(34,948)	–	(73,466)
Deconsolidation of a subsidiary	(5,493)	–	(416)	(9,704)	(47,347)	–	(62,960)
Exchange differences	23,931	–	809	13,556	69,806	–	108,102
At 31 December 2021	461,935	–	13,677	355,301	1,118,619	–	1,949,532
Accumulated impairment loss							
At 1 July 2020	–	–	34	33,421	85,956	38,218	157,629
Impairment loss for the financial period	–	–	35	32,861	34,438	–	67,334
Reversal of impairment loss for the financial period	–	–	–	(10,990)	(1,895)	–	(12,885)
Disposals	–	–	(167)	(22,954)	(4,443)	–	(27,564)
Write off	–	–	–	(1,940)	(16,952)	–	(18,892)
Deconsolidation of a subsidiary	–	–	–	–	(44,662)	–	(44,662)
Exchange differences	–	–	134	347	(2,200)	(1,133)	(2,852)
At 31 December 2021	–	–	36	30,745	50,242	37,085	118,108
Net carrying amount							
At 31 December 2021	1,323,620	–	2,556	79,338	205,076	502,730	2,113,320

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Office equipment 2022 RM'000	2021 RM'000
Cost		
At beginning/end of the financial year/period	**9**	9
Accumulated depreciation		
At beginning of the financial year/period	**4**	2
Charge for the financial year/period	**1**	2
At end of the financial year/period	**5**	4
Net carrying amount		
At end of the financial year/period	**4**	5

(i) As at 31 December 2022, net carrying amount of buildings of RM894,572,000 (2021: RM1,058,844,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27.

(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 2022 is a building under construction located in Tianjin City, the PRC of Rmb739,240,000 (equivalent to approximately RM467,348,000) (2021: Rmb741,203,000 or equivalent to approximately RM485,266,000). As at 31 December 2021, the building was 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 year/period are as follows:

	Group 1.1.2022 to 31.12.2022 RM'000	Group 1.7.2020 to 31.12.2021 RM'000	Company 1.1.2022 to 31.12.2022 RM'000	Company 1.7.2020 to 31.12.2021 RM'000
Aggregate costs of purchase of property, plant and equipment	**66,852**	171,765	**–**	–
Provisions for restoration costs (Note 29)	**(2,073)**	(1,687)	**–**	–
Cash payments during the financial year/period	**64,779**	170,078	**–**	–

12. INVESTMENT PROPERTIES

Group	2022 Completed investment properties (i) RM'000	2022 IPUC (ii) RM'000	2022 Total RM'000	2021 Completed investment properties (i) RM'000	2021 IPUC (ii) RM'000	2021 Total RM'000
Cost						
At beginning of the financial year/period	**424,966**	**194,033**	**618,999**	269,361	194,033	463,394
Additions	**37,810**	**–**	**37,810**	133,322	–	133,322
Disposals	**(3,531)**	**–**	**(3,531)**	–	–	–
Reclassification to non-current assets classified as held for sale (Note 34)	**(34,327)**	**(58,932)**	**(93,259)**	–	–	–
Exchange differences	**(14,793)**	**–**	**(14,793)**	22,283	–	22,283
At end of the financial year/period	**410,125**	**135,101**	**545,226**	424,966	194,033	618,999
Accumulated depreciation						
At beginning of the financial year/period	**78,767**	**–**	**78,767**	64,371	–	64,371
Charge for the financial year/period	**5,779**	**–**	**5,779**	8,955	–	8,955
Disposals	**(504)**	**–**	**(504)**	–	–	–
Reclassification to non-current assets classified as held for sale (Note 34)	**(11,666)**	**–**	**(11,666)**	–	–	–
Exchange differences	**(2,854)**	**–**	**(2,854)**	5,441	–	5,441
At end of the financial year/period	**69,522**	**–**	**69,522**	78,767	–	78,767
Accumulated impairment loss						
At beginning of the financial year/period	**–**	**33,833**	**33,833**	–	23,533	23,533
Impairment loss for the financial year/period	**–**	**–**	**–**	–	10,300	10,300
Reclassification to non-current assets classified as held for sale (Note 34)	**–**	**(10,576)**	**(10,576)**	–	–	–
At end of the financial year/period	**–**	**23,257**	**23,257**	–	33,833	33,833
Net carrying amount						
At end of the financial year/period	**340,603**	**111,844**	**452,447**	346,199	160,200	506,399
Fair value						
At end of the financial year/period	**2,023,040**	**112,000**	**2,135,040**	2,095,040	160,200	2,255,240

12. INVESTMENT PROPERTIES (continued)

	Group	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Rental income derived from investment properties	**1,599**	908
Direct operating expenses (including repair and maintenance) generating rental income	**(1,000)**	(331)
Profit arose from investment properties	**599**	577

(i) The Group's completed investment properties consist of commercial buildings. The fair values of buildings as at 31 December 2022 and 31 December 2021 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. The net carrying amount of IPUC of RM48,356,000 were reclassified as non-current assets classified as held for sale as at 31 December 2022 as disclosed in Note 34(ii).

The fair values of the land as at 31 December 2022 and 31 December 2021 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 2022, net carrying amount of investment properties of RM449,989,000 (2021: RM476,021,000) are pledged for loan facilities extended to the Group as disclosed in Note 27.

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 year/period are as follows:

	Leasehold land RM'000	Retail and office premises RM'000	Furniture, fittings and other equipment RM'000	Motor vehicles RM'000	Total RM'000
At 1 January 2022	**232,132**	**2,310,604**	**4,554**	**265**	**2,547,555**
Additions	**–**	**122,244**	**–**	**–**	**122,244**
Decrease arising from lease term modification and termination	**–**	**(65,179)**	**–**	**–**	**(65,179)**
Decrease arising from sublease	**–**	**(24,452)**	**–**	**–**	**(24,452)**
Depreciation	**(8,683)**	**(387,190)**	**(1,240)**	**(96)**	**(397,209)**
Impairment loss	**–**	**(25,057)**	**–**	**–**	**(25,057)**
Reversal of impairment loss	**–**	**6,630**	**–**	**–**	**6,630**
Disposal of a subsidiary	**–**	**(5,075)**	**–**	**–**	**(5,075)**
Exchange differences	**(7,710)**	**(58,375)**	**258**	**15**	**(65,812)**
At 31 December 2022	**215,739**	**1,874,150**	**3,572**	**184**	**2,093,645**
At 1 July 2020	226,815	2,975,957	5,724	361	3,208,857
Additions	–	122,461	–	–	122,461
Decrease arising from lease term modification and termination	–	(120,992)	–	–	(120,992)
Decrease arising from sublease	–	(46,624)	–	–	(46,624)
Depreciation	(12,650)	(655,773)	(1,191)	(92)	(669,706)
Impairment loss	–	(136,132)	–	–	(136,132)
Reversal of impairment loss	–	15,332	–	–	15,332
Exchange differences	17,967	156,375	21	(4)	174,359
At 31 December 2021	232,132	2,310,604	4,554	265	2,547,555

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 (2021: 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 2022, net carrying amount of leasehold land of RM209,474,000 (2021: RM225,342,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27.

(b) Lease liabilities

The carrying amounts of the Group's lease liabilities and the movements during the financial year/period are as follows:

	Group	
	2022 RM'000	**2021 RM'000**
At beginning of the financial year/period	**3,249,903**	3,948,948
Additions arising from new leases	**112,564**	107,019
Decrease arising from lease term modification and termination	**(78,378)**	(273,069)
Rent concessions	**(40,717)**	(96,253)
Interest expense	**275,543**	494,818
Payments	**(586,023)**	(988,106)
Disposal of a subsidiary	**(6,145)**	–
Deconsolidation of a subsidiary	**–**	(40,638)
Write down of liabilities relating to a subsidiary in bankruptcy	**–**	(121,977)
Exchange differences	**(80,075)**	219,161
At end of the financial year/period	**2,846,672**	3,249,903
Disclosed as:		
Current	**516,887**	508,000
Non-current	**2,329,785**	2,741,903
	2,846,672	3,249,903

13. LEASES (continued)

The Group as a lessee (continued)

(c) Variable lease payments

Certain leases of the Group contain variable lease payment terms that are based on the Group's turnover or profit before tax generated by the stores. There are also minimum annual base rental arrangements for these leases. During the financial year ended 31 December 2022, variable lease payments that are recognised in the consolidated statement of profit or loss amounted to RM64,624,000 (2021:RM110,103,000).

(d) Total cash outflows

During the financial year ended 31 December 2022, the Group had total cash outflows for leases of RM650,647,000 (2021: RM1,098,209,000).

(e) Extension options

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs. Management exercises judgement in determining whether these extension options are reasonably certain to be exercised.

The undiscounted potential future rental payments relating to periods following the exercise date of extension options that are not included in the lease terms are as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Extension options expected not to be exercised		
Within five years	**42,089**	101,774
More than five years	**68,709**	218,734
	110,798	320,508

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Computer software RM'000	Club memberships RM'000	Brands RM'000	Total RM'000
Cost					
At 1 July 2020	1,538,548	19,441	387	47,813	1,606,189
Write off	–	(247)	–	–	(247)
Deconsolidation of a subsidiary	(11,727)	(2,898)	–	–	(14,625)
Exchange differences	95,553	723	1	3,473	99,750
At 31 December 2021 and 1 January 2022	**1,622,374**	**17,019**	**388**	**51,286**	**1,691,067**
Reclassification to non-current assets classified as held for sale (Note 34)	**(63,513)**	**–**	**–**	**–**	**(63,513)**
Exchange differences	**(46,940)**	**(420)**	**(4)**	**(1,598)**	**(48,962)**
At 31 December 2022	**1,511,921**	**16,599**	**384**	**49,688**	**1,578,592**
Accumulated amortisation					
At 1 July 2020	–	17,855	172	11,920	29,947
Amortisation	–	337	1	415	753
Deconsolidation of a subsidiary	–	(2,337)	–	–	(2,337)
Exchange differences	–	764	–	848	1,612
At 31 December 2021 and 1 January 2022	**–**	**16,619**	**173**	**13,183**	**29,975**
Amortisation	**–**	**48**	**–**	**–**	**48**
Exchange differences	**–**	**(425)**	**(4)**	**(397)**	**(826)**
At 31 December 2022	**–**	**16,242**	**169**	**12,786**	**29,197**
Accumulated impairment loss					
At 1 July 2020	277,850	296	–	34,492	312,638
Impairment loss	23,652	559	–	1,046	25,257
Deconsolidation of a subsidiary	(11,727)	(561)	–	–	(12,288)
Exchange differences	19,443	3	–	2,565	22,011
At 31 December 2021 and 1 January 2022	**309,218**	**297**	**–**	**38,103**	**347,618**
Impairment loss	**32,500**	**–**	**–**	**–**	**32,500**
Exchange differences	**(9,984)**	**(6)**	**–**	**(1,201)**	**(11,191)**
At 31 December 2022	**331,734**	**291**	**–**	**36,902**	**368,927**
Net carrying amount					
At 31 December 2022	**1,180,187**	**66**	**215**	**–**	**1,180,468**
At 31 December 2021	1,313,156	103	215	–	1,313,474

14. INTANGIBLE ASSETS (continued)

Company	**Club memberships 2022 RM'000**	**2021 RM'000**
Cost		
At beginning/end of the financial year/period	**135**	135
Accumulated amortisation and impairment loss		
At beginning/end of the financial year/period	**107**	107
Net carrying amount		
At end of the financial year/period	**28**	28

Goodwill

The recoverable amount of the goodwill as at 31 December 2022 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:

	2022 %	**2021 %**
CGU		
Malaysia	**7.8**	8.0
PRC	**10.5**	14.0

Goodwill has been allocated to the Group's CGUs identified according to country of operation and business segment as follows:

	Malaysia RM'000	**PRC RM'000**	**Total RM'000**
Retailing			
At 31 December 2022	**19,722**	**1,160,465**	**1,180,187**
At 31 December 2021	19,722	1,293,434	1,313,156

14. INTANGIBLE ASSETS (continued)

(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 2022 RM'000	Company 2021 RM'000
Unquoted shares, at cost	**#**	#
Amount due from a subsidiary (i)	**7,218,859**	7,195,821
Share option granted to employees of subsidiaries	**23,936**	23,936
	7,242,795	7,219,757
Less: Accumulated impairment loss	**(4,571,583)**	(4,571,583)
	2,671,212	2,648,174
Accumulated impairment loss:		
At beginning of the financial year/period	**4,571,583**	4,570,718
Charge for the financial year/period (Note 8(a))	**–**	865
At end of the financial year/period	**4,571,583**	4,571,583

\# Represent RM24 (2021: 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 * 2022	% of ownership interest held by the Group * 2021	% of ownership interest held by non-controlling interests * 2022	% of ownership interest held by non-controlling interests * 2021
Held by the Company (Parkson Holdings Berhad)						
East Crest International Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Vietnam Investment Holdings Co Ltd **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Properties Holdings Co Ltd **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Prime Yield Holdings Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Held by the Company (Parkson Holdings Berhad) (continued)						
Puncak Pelita Sdn Bhd ƒ	Malaysia	Investment holding	**100**	100	**–**	–
Corporate Code Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Subsidiaries of East Crest International Limited						
PRG Corporation Limited ƒ	British Virgin Islands	Investment holding	**100**	100	**–**	–
Serbadagang Holdings Sdn Bhd ƒ	Malaysia	Ceased operation	**100**	100	**–**	–
Smart Spectrum Limited **	British Virgin Islands	Ceased operation	**100**	100	**–**	–
Parkson Retail Asia Limited ("PRA") ƒ β	Singapore	Investment holding	**68**	68	**32**	32
Parkson Services Pte Ltd ƒ	Singapore	Intellectual property holding	**100**	100	**–**	–
Subsidiary of Parkson Vietnam Investment Holdings Co Ltd						
Parkson TSN Holdings Co Ltd **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiaries of Parkson Properties Holdings Co Ltd						
Parkson Properties NDT (Emperor) Co Ltd **	British Virgin Islands	Dormant	**100**	100	**–**	–
Parkson Properties Hanoi Co Ltd **	British Virgin Islands	Dormant	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiaries of Prime Yield Holdings Limited						
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Gema Binari Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Parkson Credit Holdings Sdn Bhd (Dissolved on 10.3.2023)	Malaysia	Dormant	**100**	100	**–**	–
Prestasi Serimas Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Subsidiary of PRG Corporation Limited						
Parkson Retail Group Limited ("PRGL") + @	Cayman Islands	Investment holding	**54.6** *1 **0.4**	54.6 *1 0.4	**45.0**	45.0
Subsidiary of PRGL						
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiaries of Grand Parkson Retail Group Limited						
Leonemas International Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Malverest Trading International Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Oroleon International Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group *		% of ownership interest held by non-controlling interests *	
			2022	**2021**	**2022**	**2021**
Subsidiaries of Grand Parkson Retail Group Limited (continued)						
Exonbury Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Parkson Investment Pte Ltd ƒ	Singapore	Investment holding	**100**	100	**–**	–
Parkson Supplies Pte Ltd ƒ	Singapore	Investment holding	**100**	100	**–**	–
Creation International Investment & Development Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Step Summit Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Global Heights Investment Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Golden Village Group Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Lung Shing International Investments & Development Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Capital Park Development Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Lion Food & Beverage Ventures Limited **	British Virgin Islands	Investment holding	**91**	91	**9**	9
Yeehaw Best Practices Sdn Bhd ƒ	Malaysia	Dormant	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	% of ownership interest held by the Group * 2021	% of ownership interest held by non-controlling interests * 2022	% of ownership interest held by non-controlling interests * 2021
Subsidiaries of Grand Parkson Retail Group Limited (continued)						
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	**100**	*2 100	**–**	–
Hanmen Holdings Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Victory Hope Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Great Dignity Development Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Parkson Venture Pte Ltd *f*	Singapore	Investment holding	**100**	*3 100	**–**	–
Wide Field International Limited +	Hong Kong SAR	Investment holding	**100**	*3 100	**–**	–
Sea Coral Limited +	Hong Kong SAR	Investment holding	**100**	*3 100	**–**	–
Subsidiary of Leonemas International Limited						
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Leonemas (Hong Kong) Limited						
Qingdao Lion Plaza Retail Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Malverest Trading International Limited						
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiary of Malverest (Hong Kong) Limited						
Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Parkson Retail Development Co Ltd						
Zhangjiakou Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Qingdao Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores and shopping malls	**100**	100	**–**	–
Qingdao Parkson Beer City Property Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Oroleon International Limited						
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiaries of Oroleon (Hong Kong) Limited						
Parkson Retail Laos Holdings Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Parkson Credit Sdn Bhd	Malaysia	Provision of money lending and credit services	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiary of Parkson Retail Laos Holdings Sdn Bhd						
Parkson Lao Sole Co Ltd **	Lao People's Democratic Republic	Wholesale and retail trade	**100**	100	**–**	–
Subsidiary of Releomont (Hong Kong) Limited						
Anshan Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Exonbury Limited						
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	**–**	–
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	**70** *4 **30**	70 *4 30	**–**	–
Jinan Lion Consultant Management Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Jiaxing Lion Retail Management Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–

15. **INTERESTS IN SUBSIDIARIES** (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiary of Hong Kong Fen Chai Investment Limited						
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**91** *5 **9**	91 *5 9	**–**	–
Subsidiaries of Xi'an Lucky King Parkson Plaza Co Ltd						
Xi'an Chang'an Parkson Store Co Ltd + (Dissolved on 2.9.2022)	People's Republic of China	Operation of department stores	**–**	51 *6 49	**–**	–
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *6 **49**	51 *6 49	**–**	–
Shanxi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores and shopping malls	**100**	100	**–**	–
Subsidiaries of Shanghai Lion Parkson Investment Consultant Co Ltd						
Shanghai Shijie Fashions Co Ltd +	People's Republic of China	Sale of apparel	**100**	100	**–**	–
Shanghai Lion Parkson Management Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Subsidiary of Shanghai Lion Parkson Management Consultant Co Ltd						
Shanghai Shihong Supermarket Co Ltd +	People's Republic of China	Operation of gourmet supermarkets	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiaries of Parkson Investment Holdings Co Ltd						
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Lanzhou Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Zigong Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
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**	100	**–**	–
Subsidiary of Shanghai Xinzhuang Parkson Retail Development Co Ltd						
Hunan Changsha Shishang 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 *	
			2022	**2021**	**2022**	**2021**
Subsidiary of Parkson Investment Pte Ltd						
Rosenblum Investments Pte Ltd ƒ	Singapore	Investment holding	**100**	100	**–**	–
Subsidiaries of Parkson Supplies Pte Ltd						
Chongqing Wanyou Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Mianyang Fulin Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60** *7 **40**	60 *7 40	**–**	–
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores and outlets	**100**	100	**–**	–
Subsidiary of Creation International Investment & Development Limited						
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	**–**	–
Subsidiaries of Step Summit Limited						
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**60**	60	**40**	40
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiaries of Step Summit Limited (continued)						
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Guizhou Tongren Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd						
Changshu Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Shaoxing Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Changzhou Shifeng Retail Development Co Ltd +	People's Republic of China	Sale of apparel	**100**	100	**–**	–
Changzhou Lion Food & Beverage Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Shanghai Delight Food & Beverage Management Co Ltd +	People's Republic of China	Food and beverage operation	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiaries of Shanghai Delight Food & Beverage Management Co Ltd						
Shanghai Delight Food Co Ltd + (Note 15(a)(i))	People's Republic of China	Food operation	–	100	–	–
Kunming Hogan Food & Beverage Management Co Ltd + (Dissolved on 16.2.2023)	People's Republic of China	Food and beverage operation	**100**	100	–	–
Subsidiaries of Hefei Parkson Xiaoyao Plaza Co Ltd						
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operation of department stores	**51** *8 **49**	51 *8 49	–	–
Qingdao Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	–	–
Subsidiary of Global Heights Investment Limited						
Asia Victory International Limited **	British Virgin Islands	Domestic and cross-border trading	**100**	100	–	–
Subsidiary of Asia Victory International Limited						
Shunhe International Investment Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	–	–
Subsidiary of Shunhe International Investment Limited						
Kunming Yun Shun He Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	–	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	% of ownership interest held by the Group * 2021	% of ownership interest held by non-controlling interests * 2022	% of ownership interest held by non-controlling interests * 2021
Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd						
Guizhou Zunyi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**90** *9 **10**	90 *9 10	**–**	–
Liupanshui Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Suzhou Parkson Changfa Commercial Management Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Panzhihua Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Tianjin Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores and property management	**60** *10 **20** *11 **20**	60 *10 20 *11 20	**–**	–
Parkson Business Commerce Sole Co Ltd **	Lao People's Democratic Republic	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Golden Village Group Limited						
Duo Success Investments Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Jiangxi Parkson Shopping Centre Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiary of Duo Success Investments Limited						
Victor Crest Limited ** (Dissolved on 10.1.2023)	British Virgin Islands	Dormant	**100**	*12 100	**–**	–
Subsidiary of Victor Crest Limited						
Wide Crest Limited ** (Dissolved on 10.1.2023)	British Virgin Islands	Dormant	**100**	100	**–**	–
Subsidiary of Wide Crest Limited						
Bond Glory Limited ** (Dissolved on 10.1.2023)	British Virgin Islands	Dormant	**100**	*12 100	**–**	–
Subsidiary of Jiangxi Parkson Shopping Centre Management Co Ltd						
Yichun Parkson Shopping Centre Co Ltd ^ +	People's Republic of China	Operation of shopping mall	**100**	–	**–**	–
Subsidiary of Lung Shing International Investments & Development Limited						
Anshan Lung Shing Property Services Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Capital Park Development Limited						
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	% of ownership interest held by the Group * 2021	% of ownership interest held by non-controlling interests * 2022	% of ownership interest held by non-controlling interests * 2021
Subsidiary of Capital Park (HK) Investment & Development Limited						
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60**	60	**40**	40
Subsidiary of Lion Food & Beverage Ventures Limited						
Parkson Food & Beverage Ventures Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Parkson Food & Beverage Ventures Limited						
Shanghai Lion Food and Beverage Management Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Subsidiary of Victory Hope Limited						
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores and shopping malls	**70** *13 **30**	70 *13 30	**–**	–
Subsidiary of Nanning Brilliant Parkson Commercial Co Ltd						
Wuzhou Fashion Parkson Business Management Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Great Dignity Development Limited						
Shantou Parkson Commercial 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 * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiary of Parkson Venture Pte Ltd						
Qingdao No. 1 Parkson Co Ltd +	People's Republic of China	Operation of department stores	**95.9**	95.9	**4.1**	4.1
Subsidiary of Wide Field International Limited						
Shenyang Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Sea Coral Limited						
Dalian Parkson Retail Development Co Ltd + (Dissolved on 26.12.2022)	People's Republic of China	Operation of department stores	**–**	100	**–**	–
Subsidiaries of PRA						
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores and related trading activities including e-commerce activities	**100**	100	**–**	–
Centro Retail Pte Ltd *f*	Singapore	Investment holding	**100**	100	**–**	–
PT Tozy Sentosa (In Bankruptcy) (Note 15(b))	Indonesia	Ceased operation	**90** *14 **10**	90 *14 10	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiaries of PRA (continued)						
Parkson Myanmar Co Pte Ltd ƒ	Singapore	Investment holding	**100**	100	**–**	–
Parkson Yangon Company Limited **	Myanmar	Dormant	**95** *15 **5**	95 *15 5	**–**	–
Subsidiaries of Parkson Corporation Sdn Bhd						
Parkson Vietnam Co Ltd ƒ	Vietnam	Operation of department stores	**100**	100	**–**	–
Parkson Haiphong Co Ltd ƒ	Vietnam	Ceased operation	**100**	100	**–**	–
Parkson Cambodia Holdings Co Ltd **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson SGN Co Ltd ƒ	Vietnam	Dormant	**100**	100	**–**	–
Parkson Edutainment World Sdn Bhd	Malaysia	Dormant	**100**	100	**–**	–
Parkson Lifestyle Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Parkson Unlimited Beauty Sdn Bhd	Malaysia	Ceased 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 * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiaries of Parkson Corporation Sdn Bhd (continued)						
Parkson Private Label Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Parkson Trading (Vietnam) Company Limited ƒ	Vietnam	Ceased operation	**100**	100	**–**	–
Solid Gatelink Sdn Bhd	Malaysia	Operation of food and beverage businesses	**100**	100	**–**	–
Parkson Trends Sdn Bhd	Malaysia	Ceased operation	**100**	100	**–**	–
Subsidiary of Parkson Vietnam Co Ltd						
Parkson Vietnam Management Services Co Ltd ƒ	Vietnam	Dormant	**100**	100	**–**	–
Subsidiary of Parkson Cambodia Holdings Co Ltd						
Parkson (Cambodia) Co Ltd **	Cambodia	Dormant	**100**	100	**–**	–
Subsidiary of Parkson Myanmar Co Pte Ltd						
Parkson Myanmar Investment Company Pte Ltd ƒ	Singapore	Investment holding	**70**	70	**30**	30

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiaries of Parkson Myanmar Investment Company Pte Ltd						
Parkson Myanmar Asia Pte Ltd *f*	Singapore	Investment holding	**100**	100	**–**	–
Myanmar Parkson Company Limited **	Myanmar	Dormant	**100**	90 *16 10	**–**	–
Subsidiary of Parkson TSN Holdings Co Ltd						
Parkson HBT Properties Co Ltd **	Vietnam	Real estate consulting and management services	**100**	100	**–**	–
Subsidiaries of Dyna Puncak Sdn Bhd						
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Magna Rimbun Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
True Excel Investments Limited **	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiary of Idaman Erajuta Sdn Bhd						
Festival City Sdn Bhd	Malaysia	Operation of department stores and property management	**100**	100	**–**	–
Subsidiary of Magna Rimbun Sdn Bhd						
Megan Mastika Sdn Bhd	Malaysia	Property management and investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021	% of ownership interest held by non-controlling interests * 2022	2021
Subsidiary of Megan Mastika Sdn Bhd						
Dimensi Andaman Sdn Bhd ƒ	Malaysia	Investment holding, property development and project management	**100**	100	**–**	–
Subsidiary of True Excel Investments Limited						
True Excel Investments (Cambodia) Co Ltd **	Cambodia	Investment holding	**100**	100	**–**	–
Subsidiary of Gema Binari Sdn Bhd						
Parkson Branding Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Subsidiaries of Parkson Branding Sdn Bhd						
Parkson Fashion Sdn Bhd ** (Dissolved on 23.2.2022)	Malaysia	Ceased operation	**–**	100	**–**	–
Parkson Branding (L) Limited (Dissolved on 6.7.2022)	Malaysia	Dormant	**–**	100	**–**	–
Subsidiary of Prestasi Serimas Sdn Bhd						
Ombrello Resources Sdn Bhd ƒ	Malaysia	Ceased operation	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

All the companies are audited by Grant Thornton Malaysia PLT except for those marked (+) which the company or group companies are audited by a member firm of Grant Thornton International in the respective countries, and those marked (*ƒ*) which are audited by other firms.

*	Equals to the proportion of voting rights held.
**	The financial statements are examined for the purpose of consolidation.
*1	Held by East Crest International Limited.
*2	Held by Duo Success Investments Limited.
*3	Held by Wide Crest Limited.
*4	Held by Parkson Investment Pte Ltd.
*5	Held by Huge Return Investment Limited.
*6	Held by Parkson Retail Development Co Ltd.
*7	Held by Shanghai Hongqiao Parkson Development Co Ltd.
*8	Held by Creation (Hong Kong) Investment & Development Limited.
*9	Held by Parkson Investment Holdings Co Ltd.
*10	Held by Xi'an Lucky King Parkson Plaza Co Ltd.
*11	Held by Nanning Brilliant Parkson Commercial Co Ltd.
*12	Held by Grand Parkson Retail Group Limited.
*13	Held by Hanmen Holdings Limited.
*14	Held by Centro Retail Pte Ltd.
*15	Held by Parkson Myanmar Co Pte Ltd.
*16	Held by Parkson Myanmar Asia Pte Ltd.
^	Subsidiary which was newly incorporated during the financial year.
β	Listed on the Singapore Exchange Securities Trading Limited. The auditor's report of the subsidiary for the financial year ended 31 December 2022 was issued with an emphasis of matter relating to material uncertainty related to going concern.
@	Listed on The Stock Exchange of Hong Kong Limited.

15. INTERESTS IN SUBSIDIARIES (continued)

(a) Disposal of equity interest in subsidiaries

(i) On 28 March 2022, Shanghai Delight Food & Beverage Management Co Ltd ("Shanghai Delight F&B"), an indirect wholly-owned subsidiary of PRGL which is in turn a 54.97% owned subsidiary of the Company, completed the disposal of its entire equity interest in Shanghai Delight Food Co Ltd ("Shanghai Delight Food") for a consideration of Rmb2,400,000 (equivalent to approximately RM1,591,000) ("Disposal of Shanghai Delight Food").

Following the completion of the Disposal of Shanghai Delight Food, Shanghai Delight Food ceased to be a subsidiary of Shanghai Delight F&B and of the Company.

The disposal had the following effects on the Group's financial results and position for the financial year ended 31 December 2022:

	Group 2022 RM'000
Property, plant and equipment	903
Right-of-use assets	5,075
Deferred tax assets	267
Receivables	600
Cash and cash equivalents	22
Lease liabilities	(6,145)
Net assets disposed	722
Disposal consideration	1,591
Net assets disposed	(722)
Gain on disposal of a subsidiary	869
Disposal consideration	1,591
Cash and cash equivalents of subsidiary disposed	(22)
Consideration received in the previous financial period ended 31 December 2021	(1,485)
Net cash inflow of the Group	84

15. INTERESTS IN SUBSIDIARIES (continued)

(a) Disposal of equity interest in subsidiaries (continued)

(ii) In the previous financial period ended 31 December 2021, Parkson Investment Holdings Co Ltd ("Parkson Investment Holdings"), an indirect wholly-owned subsidiary of PRGL, completed the disposal of its entire equity interest in Shanghai Shengrui Commercial Management Co Ltd ("Shanghai Shengrui") for a consideration of approximately Rmb0.26 million (equivalent to approximately RM170,000) ("Disposal of Shanghai Shengrui").

Following the completion of the Disposal of Shanghai Shengrui, Shanghai Shengrui ceased to be a subsidiary of Parkson Investment Holdings and of the Company.

The disposal had the following effects on the Group's financial results and position for the financial period ended 31 December 2021:

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

15. INTERESTS IN SUBSIDIARIES (continued)

(b) Deconsolidation of a subsidiary

As PT Tozy Sentosa ("PT Tozy"), a wholly-owned subsidiary of PRA which is in turn a 67.96% owned subsidiary of the Company, had been placed under the bankruptcy proceedings and the receivers had been appointed on 17 May 2021, the Group had ceased to have control over PT Tozy, and accordingly, had ceased to consolidate PT Tozy in its consolidated financial statements.

The deconsolidation of PT Tozy had the following effects on the Group's financial results and position for the financial period ended 31 December 2021:

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

15. INTERESTS IN SUBSIDIARIES (continued)

(c) 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	2022 %	2021 %
PRA	Singapore	**32.0**	32.0
PRGL	Cayman Islands	**45.0**	45.0

PRA and PRGL are investment holding companies that have subsidiaries that are in the retailing business in Southeast Asia and the PRC respectively.

	Group	
	2022 RM'000	**2021 RM'000**
Accumulated net assets/(liabilities) balances of non-controlling interests:		
PRA	**(18,091)**	(48,437)
PRGL	**987,063**	1,201,508
Total	**968,972**	1,153,071

	Group	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Profit/(loss) allocated to non-controlling interests:		
PRA	**29,340**	14,287
PRGL	**(120,338)**	(42,418)
Total	**(90,998)**	(28,131)

15. INTERESTS IN SUBSIDIARIES (continued)

(c) Material non-controlling interests (continued)

Summarised financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below. The summarised financial information below is the amount before inter-company elimination.

	PRA		PRGL	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
(i) Summarised statements of financial position				
Non-current assets	**690,971**	752,374	**5,461,215**	6,212,379
Current assets	**472,346**	327,193	**1,904,264**	1,886,487
Non-current liabilities	**(552,293)**	(586,778)	**(3,375,160)**	(2,378,695)
Current liabilities	**(666,788)**	(643,431)	**(1,780,350)**	(3,030,054)
Non-controlling interests	**331**	302	**(43,555)**	(47,662)
Total equity	**(55,433)**	(150,340)	**2,166,414**	2,642,455
Attributable to non-controlling interests	**(18,091)**	(48,437)	**987,063**	1,201,508
(ii) Summarised statements of profit or loss				
Revenue	**745,112**	762,647	**2,152,987**	4,061,079
Profit/(loss) for the financial year/period	**91,665**	43,390	**(273,527)**	(112,154)
Attributable to non-controlling interests	**29,340**	14,287	**(120,338)**	(42,418)
Dividends paid to non-controlling interests	**–**	–	**(1,357)**	(15,934)

15. INTERESTS IN SUBSIDIARIES (continued)

(c) 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	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
(iii) Summarised statements of other comprehensive income				
Other comprehensive income/(loss) attributable to non-controlling interests:				
- Change in fair value of financial assets	**12**	95	**–**	–
- Foreign currency translation	**992**	2,303	**(92,748)**	164,067
(iv) Summarised statements of cash flows				
Operating activities	**326,334**	440,228	**85,295**	780,193
Investing activities	**10,739**	(1,363)	**494,446**	277,189
Financing activities	**(204,803)**	(261,694)	**(235,077)**	(1,456,404)
Net increase/(decrease) in cash and cash equivalents	**132,270**	177,171	**344,664**	(399,022)

16. INVESTMENTS IN ASSOCIATES

	Group 2022 RM'000	Group 2021 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	**(1,565)**	3,457
Less: Accumulated impairment loss	**(10,987)**	(10,987)
	27,430	32,452
Exchange differences	**(130)**	989
	27,300	33,441
Accumulated impairment loss:		
At beginning/end of the financial year/period	**10,987**	10,987

Details of associates are as follows:

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021
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 &	Malaysia	Ceased operation	**40**	40
AUM Hospitality Sdn Bhd (Under court liquidation)	Malaysia	Investment holding and provision of management services	**20**	20

* Equals to the proportion of voting rights held.

\# Audited by a member firm of Grant Thornton International.

& Audited by a firm other than Grant Thornton Malaysia PLT.

All the investments in associates are accounted for using the equity method.

Impairment loss on an associate is recognised to reduce the carrying value of the investment to the estimated recoverable amount.

16. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of the Group's material associates and Group's share of results of associates, are set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts.

	Parkson Newcore RM'000	Shanghai Nine Sea RM'000	Total material associates RM'000
2022			
(i) Summarised statements of financial position			
Non-current assets	**166,737**	**30**	**166,767**
Current assets	**138,330**	**8,747**	**147,077**
Total assets	**305,067**	**8,777**	**313,844**
Non-current liabilities	**147,033**	**–**	**147,033**
Current liabilities	**105,419**	**4,439**	**109,858**
Total liabilities	**252,452**	**4,439**	**256,891**
Net assets	**52,615**	**4,338**	**56,953**
(ii) Summarised statements of profit or loss			
Revenue	**427,722**	**18,580**	**446,302**
(Loss)/profit for the financial year	**(2,178)**	**188**	**(1,990)**
(iii) Dividend received from associates	**(3,936)**	**(85)**	**(4,021)**
(iv) Group's share of net assets, representing carrying amount of Group's interest in associates	**25,782**	**1,518**	**27,300**
(v) Group's share of results of associates	**(1,067)**	**66**	**(1,001)**

16. INVESTMENTS IN ASSOCIATES (continued)

Summarised financial information of the Group's material associates and Group's share of results of associates, are set out below. The summarised financial information represents the amounts in the financial statements of the associates and not the Group's share of those amounts. (continued)

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

16. INVESTMENTS IN ASSOCIATES (continued)

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

	Group	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Loss for the financial year/period	**(2,027)**	(1,524)
Group's share of current year/period's unrecognised loss	**(811)**	(607)
Group's cumulative share of unrecognised loss	**(5,054)**	(4,243)

The Group has not recognised loss arising from these other individually non-material associates when its share of losses exceeds the Group's interest in the associates.

17. INVESTMENTS IN JOINT VENTURES

	Group	
	2022 RM'000	**2021 RM'000**
Unquoted shares in Malaysia, at cost	**3,000**	19,300
Unquoted shares outside Malaysia, at cost	**4,675**	4,675
Share of post-acquisition reserves	**(1,574)**	(10,759)
Less: Accumulated impairment loss	**(1,750)**	(7,741)
	4,351	5,475
Exchange differences	**3,846**	4,142
	8,197	9,617
Accumulated impairment loss:		
At beginning of the financial year/period	**7,741**	7,741
Reclassification to non-current assets classified as held for sale	**(5,991)**	–
At end of the financial year/period	**1,750**	7,741

17. INVESTMENTS IN JOINT VENTURES (continued)

Details of joint ventures are as follows:

Name	Country of incorporation/ principal place of business	Principal activities	% of ownership interest held by the Group * 2022	2021
Xinjiang Youhao Parkson Development Co Ltd ("Xinjiang Youhao") ^	People's Republic of China	Operation of department stores	**51**	51
Marlow House Asia Limited &	British Virgin Islands	Investment holding	**50**	50
Valino International Apparel Sdn Bhd (In liquidation)	Malaysia	Ceased operation	**50**	50
Watatime group of companies (i) & :				
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	**50**	50
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

* 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.

(i) On 21 July 2022, Corporate Code Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement to dispose of its entire equity interests in the Watatime group of companies for a total consideration of approximately RM9 ("Watatime Disposal"). The completion of the Watatime Disposal shall be subject to and conditional upon the conditions precedent being fulfilled.

The Group's investments in the Watatime group of companies were reclassified as non-current assets classified as held for sale as at 31 December 2022 as disclosed in Note 34(iii).

17. INVESTMENTS IN JOINT VENTURES (continued)

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.

All the joint ventures have the same reporting period as the Group except for 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 2022 and 31 December 2021.

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.

	Xinjiang Youhao RM'000	Total material joint venture RM'000
2022		
(i) Summarised statements of financial position		
Non-current assets	**3,133**	**3,133**
Current assets	**34,631**	**34,631**
Total assets	**37,764**	**37,764**
Non-current liabilities	**1,024**	**1,024**
Current liabilities	**20,667**	**20,667**
Total liabilities	**21,691**	**21,691**
Net assets	**16,073**	**16,073**
(ii) Summarised statements of profit or loss		
Revenue	**367**	**367**
Loss for the financial year	**(2,204)**	**(2,204)**
(iii) Group's share of net assets, representing carrying amount of Group's interest in joint venture	**8,197**	**8,197**
(iv) Group's share of results of joint venture	**(1,124)**	**(1,124)**

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 material joint ventures RM'000
2021			
(i) Summarised statements of financial position			
Non-current assets	6,423	5,268	11,691
Current assets	45,648	85,002	130,650
Total assets	52,071	90,270	142,341
Non-current liabilities	–	1,101	1,101
Current liabilities	51,050	70,312	121,362
Total liabilities	51,050	71,413	122,463
Net assets	1,021	18,857	19,878
(ii) Summarised statements of profit or loss			
Revenue	58,519	115,115	173,634
Loss for the financial period	(337)	(4,245)	(4,582)
(iii) Dividend received from a joint venture	–	(7,399)	(7,399)
(iv) Group's share of net assets	511	9,617	10,128
Cumulative share of unrecognised loss	1,497	–	1,497
Cumulative impairment loss	(2,008)	–	(2,008)
Carrying amount of Group's interest in joint ventures	–	9,617	9,617
(v) Group's share of results of joint ventures	–	(2,165)	(2,165)

17. INVESTMENTS IN JOINT VENTURES (continued)

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

	Group	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Loss for the financial year/period	**(9)**	(1,685)

The Group has not recognised loss arising from these other individually non-material joint ventures when its share of losses exceeds the Group's interest in the joint ventures.

18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group	
	2022 RM'000	**2021 RM'000**
At beginning of the financial year/period	**63,646**	7,424
Recognised in profit or loss (Note 9)	**34,285**	56,540
Disposal of a subsidiary	**(267)**	–
Exchange differences	**(3,299)**	(318)
At end of the financial year/period	**94,365**	63,646
Presented after appropriate offsetting as follows:		
Deferred tax assets	**220,514**	200,170
Deferred tax liabilities	**(126,149)**	(136,524)
	94,365	63,646

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

The components and movements of deferred tax assets and liabilities during the financial year/period prior to offsetting are as follows:

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Right-of-use assets and lease liabilities RM'000	Others RM'000	Total RM'000
At 1 January 2022	**305**	**40,535**	**155,533**	**3,797**	**200,170**
Recognised in profit or loss	**(152)**	**16,097**	**13,067**	**(252)**	**28,760**
Disposal of a subsidiary	**–**	**–**	**(267)**	**–**	**(267)**
Exchange differences	**(6)**	**(1,889)**	**(6,130)**	**(124)**	**(8,149)**
At 31 December 2022	**147**	**54,743**	**162,203**	**3,421**	**220,514**
At 1 July 2020	1,367	28,913	123,484	3,842	157,606
Recognised in profit or loss	(1,135)	8,979	22,325	(346)	29,823
Exchange differences	73	2,643	9,724	301	12,741
At 31 December 2021	305	40,535	155,533	3,797	200,170

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Asset revaluation RM'000	Withholding taxes RM'000	Total RM'000
At 1 January 2022	**(2,957)**	**(125,661)**	**(7,906)**	**(136,524)**
Recognised in profit or loss	**1,628**	**3,336**	**561**	**5,525**
Exchange differences	**51**	**4,999**	**(200)**	**4,850**
At 31 December 2022	**(1,278)**	**(117,326)**	**(7,545)**	**(126,149)**
At 1 July 2020	(5,610)	(118,964)	(25,608)	(150,182)
Recognised in profit or loss	2,936	4,640	19,141	26,717
Exchange differences	(283)	(11,337)	(1,439)	(13,059)
At 31 December 2021	(2,957)	(125,661)	(7,906)	(136,524)

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

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

	Group	
	2022	**2021**
	RM'000	**RM'000**
Unused tax losses	**1,236,376**	1,208,475
Unabsorbed capital allowances	**30,538**	29,136
Other temporary differences	**34,289**	65,492
	1,301,203	1,303,103
Deferred tax at respective jurisdiction's applicable tax rate, if recognised	**316,004**	315,351

The availability of unused tax losses and unabsorbed capital allowances for offsetting against future taxable profits of the subsidiaries is subject to approval from the tax authority of the country in which the losses originate.

Deferred tax assets have not been recognised in respect of the unused tax losses and unabsorbed capital allowances as it is not probable that taxable profit will be available against which the unused tax losses and unabsorbed capital allowances can be utilised, considering that the relevant subsidiaries have been incurring losses and there are no other tax planning opportunities or other evidence of recoverability in the near future.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in the PRC. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate of 5% may be applied if there is a tax treaty between the PRC and the jurisdiction of the foreign investors. The Group is liable for withholding taxes on dividends distributed by those subsidiaries established in the PRC in respect of earnings generated from 1 January 2008.

As announced in the Annual Budget 2022, effective from year of assessment 2019, the unused tax losses of Malaysian entities as at 31 December 2018 and thereafter will only be available for carry forward for a period of 10 consecutive years. Upon expiry of the 10 years, the unabsorbed losses will be disregarded.

19. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2022	**2021**
	RM'000	**RM'000**
Non-current		
Amounts due from subsidiaries	**32,562**	50,686
Less: Allowance for expected credit loss ("ECL")	**(32,544)**	(50,671)
	18	15
Current		
Amounts due from subsidiaries	**5,227**	5,220
Less: Allowance for ECL	**(1,538)**	(1,536)
	3,689	3,684
Total amounts due from subsidiaries	**3,707**	3,699
Movement in allowance for ECL:		
At beginning of the financial year/period	**52,207**	24,878
Charge for the financial year/period	**97**	27,329
Reversal during the financial year	**(18,127)**	–
Written off during the financial year	**(95)**	–
At end of the financial year/period	**34,082**	52,207

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 RM32,240,000 (2021: RM50,367,000) bears interest at 3% per annum (2021: 3% per annum). The current portion of the amounts due from subsidiaries is unsecured, non-interest bearing and repayable on demand.

20. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Trade receivables [(i)]				
Third parties	**161,158**	109,997	**–**	–
Less: Allowance for ECL	**(3,370)**	(2,801)	**–**	–
Trade receivables, net	**157,788**	107,196	**–**	–
Current				
Trade receivables [(i)]				
Third parties	**162,255**	155,308	**–**	–
Less: Allowance for ECL	**(3,930)**	(5,196)	**–**	–
Trade receivables, net	**158,325**	150,112	**–**	–
Other receivables				
Sundry receivables [(ii)]	**162,942**	175,832	**2**	2
Less: Allowance for ECL	**(33,025)**	(31,234)	**–**	–
	129,917	144,598	**2**	2
Prepayments	**41,879**	53,800	**–**	–
Less: Allowance for ECL	**(12,449)**	(12,892)	**–**	–
	29,430	40,908	**–**	–
Deposits [(iii)]	**119,903**	119,781	**12**	12
Less: Allowance for ECL	**(52,635)**	(50,779)	**–**	–
	67,268	69,002	**12**	12
Amounts due from associates and joint ventures [(iv)]	**27,567**	36,125	**–**	6
Less: Allowance for ECL	**(27,567)**	(36,119)	**–**	–
	–	6	**–**	6
Amounts due from related parties [(v)]	**446**	446	**113**	113
Lease prepayments	**28,360**	43,234	**–**	–
Lease receivables from subleases (Note 21)	**66,339**	46,909	**–**	–
Other receivables, net	**321,760**	345,103	**127**	133
Total current trade and other receivables	**480,085**	495,215	**127**	133

20. TRADE AND OTHER RECEIVABLES (continued)

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Trade and other receivables (as above)				
- non-current	**157,788**	107,196	**–**	–
- current	**480,085**	495,215	**127**	133
Total trade and other receivables	**637,873**	602,411	**127**	133
Add: Deposits, cash and bank balances (Note 23)	**1,306,069**	1,309,279	**3,461**	3,422
Add: Lease deposits and other deposits	**155,701**	147,417	**–**	–
Add: Long term lease receivables from subleases (Note 21)	**217,330**	257,602	**–**	–
Add: Amounts due from subsidiaries (Note 19)	**–**	–	**3,707**	3,699
Less: Prepayments	**(29,430)**	(40,908)	**–**	–
Less: Lease prepayments	**(28,360)**	(43,234)	**–**	–
Total financial assets carried at amortised cost	**2,259,183**	2,232,567	**7,295**	7,254

(i) Trade receivables

Included in trade receivables are loan receivables from credit services segment of RM256,312,000 (2021: RM188,178,000).

(ii) Sundry receivables

Sundry receivables comprise the following:

	Group 2022 RM'000	Group 2021 RM'000	Company 2022 RM'000	Company 2021 RM'000
Advances to suppliers	**12,110**	34,202	**–**	–
Operating lease receivables	**59,482**	39,823	**–**	–
Accrued interest on deposits	**1,110**	7,112	**–**	–
Others	**90,240**	94,695	**2**	2
	162,942	175,832	**2**	2

Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (2021: 1 to 90 days).

20. TRADE AND OTHER RECEIVABLES (continued)

(iii) Deposits

Included in deposits are amounts of RM31,990,000 (2021: RM31,257,000) paid by Parkson Vietnam Co Ltd to the individual owners of two Vietnamese companies as well as to one of these Vietnamese companies for the purpose of acquiring the share capital of these two Vietnamese companies. These deposits are non-interest bearing and are secured by collateral over the charter capital of the respective companies and assets created with such amounts provided. 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 RM19,267,000 (2021: RM18,026,000) 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 RM3,000,000 (2021: RM12,793,000) which certain principal amounts bear interest of 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 35.

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 (2021: payment in advance to 30 days).

Other information on financial risks of trade and other receivables are disclosed in Note 39.

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group	
	2022	**2021**
	RM'000	**RM'000**
Within 1 year	**158,325**	150,112
1 to 2 years	**81,042**	64,578
Over 2 years	**76,746**	42,618
	316,113	257,308

20. TRADE AND OTHER RECEIVABLES (continued)

Trade receivables that are neither past due nor impaired

Receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year/period.

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 2022 and 31 December 2021:

	← Credit services		→	Others	
	12-month ECLs	← Lifetime ECLs	→	Simplified	
	Stage 1	Stage 2	Stage 3	approach	Total
	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 July 2020	382	1,316	3,489	5,165	10,352
Charge for the financial period	–	–	6,520	481	7,001
Written off	–	–	(6,347)	(3,642)	(9,989)
Exchange differences	–	–	638	(5)	633
At 31 December 2021 and 1 January 2022	**382**	**1,316**	**4,300**	**1,999**	**7,997**
Charge for the financial year	**–**	**–**	**4,835**	**230**	**5,065**
Reversal of impairment loss	**(187)**	**(73)**	**–**	**(118)**	**(378)**
Written off	**–**	**–**	**(4,751)**	**(315)**	**(5,066)**
Exchange differences	**(7)**	**(43)**	**(297)**	**29**	**(318)**
At 31 December 2022	**188**	**1,200**	**4,087**	**1,825**	**7,300**

20. TRADE AND OTHER RECEIVABLES (continued)

Other receivables that are impaired

The other receivables that are impaired at the reporting date are principally on delinquent accounts and the movement of allowance for ECL used to record the impairment losses are as follows:

	Group	
	2022	2021
	RM'000	RM'000
Sundry receivables - nominal amounts	**33,025**	31,234
Less: Allowance for ECL	**(33,025)**	(31,234)
	–	–
Prepayments - nominal amounts	**12,449**	12,892
Less: Allowance for ECL	**(12,449)**	(12,892)
	–	–
Deposits - nominal amounts	**52,635**	50,779
Less: Allowance for ECL	**(52,635)**	(50,779)
	–	–
Amounts due from associates and joint ventures		
- nominal amounts	**27,567**	36,119
Less: Allowance for ECL	**(27,567)**	(36,119)
	–	–

20. TRADE AND OTHER RECEIVABLES (continued)

Movement in allowance for ECL:

Group	Trade receivables RM'000	Sundry receivables RM'000	Prepayments RM'000	Deposits RM'000	Amounts due from associates and joint ventures RM'000	Total RM'000
At 1 January 2022	**7,997**	**31,234**	**12,892**	**50,779**	**36,119**	**139,021**
Charge for the financial year:						
Trade and sundry receivables	**5,065**	**1,328**	**–**	**–**	**–**	**6,393**
	5,065	**1,328**	**–**	**–**	**–**	**6,393**
Reversal of impairment loss	**(378)**	**(466)**	**–**	**–**	**(2,000)**	**(2,844)**
Written off	**(5,066)**	**–**	**–**	**–**	**(7,793)**	**(12,859)**
Exchange differences	**(318)**	**929**	**(443)**	**1,856**	**1,241**	**3,265**
At 31 December 2022	**7,300**	**33,025**	**12,449**	**52,635**	**27,567**	**132,976**
At 1 July 2020	10,352	33,166	14,601	44,591	27,060	129,770
Charge for the financial period:						
Trade and sundry receivables, prepayments and deposits	7,001	1,819	8,014	8,334	–	25,168
Amount due from a joint venture	–	–	–	–	10,000	10,000
	7,001	1,819	8,014	8,334	10,000	35,168
Reversal of impairment loss	–	(6)	–	(114)	(150)	(270)
Written off	(9,989)	(3,836)	(10,431)	–	(600)	(24,856)
Deconsolidation of a subsidiary	–	(1,385)	–	–	–	(1,385)
Exchange differences	633	1,476	708	(2,032)	(191)	594
At 31 December 2021	7,997	31,234	12,892	50,779	36,119	139,021

21. OTHER RECEIVABLES

	Group 2022 RM'000	Group 2021 RM'000
Non-current		
Lease and other prepayments [(i)]	**35,090**	46,522
Lease deposits	**90,279**	85,373
Lease receivables from subleases [(ii)]	**217,330**	257,602
Other deposit [(iii)]	**65,422**	62,044
	408,121	451,541
Less: Allowance for ECL	**(14,323)**	(7,564)
	393,798	443,977

Movement in allowance for ECL:

	Group 2022 RM'000	Group 2021 RM'000
At beginning of the financial year/period	**7,564**	7,647
Charge for the financial year	**6,599**	–
Exchange differences	**160**	(83)
At end of the financial year/period	**14,323**	7,564

(i) This represents mainly the long term portion of the prepaid lease rental paid to lessors.

(ii) This represents lease income receivables by the Group as intermediate lessor. The carrying amount and the movement of lease receivables from subleases are as follows:

	Group 2022 RM'000	Group 2021 RM'000
At beginning of the financial year/period	**304,511**	259,974
Addition arising from new leases	**26,563**	68,587
Accretion of interest recognised during the financial year/period	**25,474**	39,743
Decrease arising from lease term modification	**(4,884)**	(6,122)
Proceeds from subleases	**(63,788)**	(73,699)
Exchange differences	**(4,207)**	16,028
At end of the financial year/period	**283,669**	304,511
Disclosed as:		
Current (Note 20)	**66,339**	46,909
Non-current	**217,330**	257,602
	283,669	304,511

(iii) Other deposit represents an amount of US$14,884,000 paid for the proposed lease and acquisition of a retail mall in Cambodia.

22. INVESTMENT SECURITIES

	Group 2022 RM'000	Group 2021 RM'000
Non-current		
Financial assets at fair value through other comprehensive income:		
- Unquoted equity securities (i)	**17,504**	17,331
Current		
Financial assets at fair value through profit or loss:		
- Wealth management products (ii)	**68,477**	59,345
Total investment securities	**85,981**	76,676

(i) This amount included investments in Lion Insurance Company Limited and Lion Group Management Services Sdn Bhd, related parties of the Group.

(ii) The wealth management products 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 38(a).

23. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Non-current				
Time deposits, representing total non-current deposits, cash and bank balances	**15,869**	20,404	**–**	–
Current				
Deposits, cash and bank balances:				
Cash on hand and at banks				
- Malaysia	**22,129**	11,568	**1,371**	1,236
- Foreign	**747,111**	545,754	**90**	186
Deposits with:				
Licensed banks				
- Malaysia	**127,982**	76,520	**2,000**	2,000
- Foreign	**212,978**	550,033	**–**	–
Licensed finance companies in Malaysia	**180,000**	105,000	**–**	–
Total current deposits, cash and bank balances	**1,290,200**	1,288,875	**3,461**	3,422
Deposits, cash and bank balances (as above)				
- non-current	**15,869**	20,404	**–**	–
- current	**1,290,200**	1,288,875	**3,461**	3,422
Total deposits, cash and bank balances	**1,306,069**	1,309,279	**3,461**	3,422
Less:				
Investments in principal guaranteed deposits	**–**	(327)	**–**	–
Time deposits with original maturity of more than three months when acquired	**(1,652)**	(137)	**–**	–
Pledged deposits	**(51,255)**	(500,069)	**–**	–
Bank overdrafts (Note 27)	**(1,445)**	(1,601)	**–**	–
Restricted bank balance	**(449)**	–	**–**	–
Cash and cash equivalents	**1,251,268**	807,145	**3,461**	3,422

As at 31 December 2022, deposits with licensed banks and time deposits of the Group amounting to a total of RM31,046,000 (2021: RM479,665,000) 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 RM20,209,000 (2021: RM20,404,000) held in designated bank accounts for performance guarantees. Restricted bank balance of RM449,000 is excluded from cash and cash equivalents, representing the bank account being frozen arose from a legal suit against a subsidiary in Vietnam.

23. DEPOSITS, CASH AND BANK BALANCES (continued)

The investments in principal guaranteed deposits as at 31 December 2021 had terms of less than one year and had an expected average annual rate of return of 2.4%. Pursuant to the underlying contracts or notices, the investments in principal guaranteed deposits were capital guaranteed upon the maturity date.

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM911,058,000 (2021: RM1,058,806,000) 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.

The average effective interest rates of deposits of the Group at the reporting date are as follows:

	Group	
	2022	**2021**
	%	**%**
Licensed banks	**2.7**	2.5
Licensed finance companies	**3.3**	2.0

Deposits of the Group have varying periods of between 1 day and 36 months (2021: 1 day and 36 months). Bank balances are deposits held at call with licensed banks.

24. INVENTORIES

	Group	
	2022	**2021**
	RM'000	**RM'000**
At costs:		
Merchandise inventories	**378,551**	375,239
Consumables	**2,399**	2,802
	380,950	378,041
At net realisable value:		
Merchandise inventories	**5,881**	5,831
Total	**386,831**	383,872

During the financial year/period, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,442,522,000 (2021: RM2,514,176,000) for continuing operations and Nil (2021: RM1,068,000) for discontinued operations.

The amount of inventories written down of RM656,000 (2021:RM2,086,000) was recognised in profit or loss during the financial year/period.

25. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		← Amount →	
	Total number of issued shares '000	**Treasury shares '000**	**Issued share capital RM'000 (a)**	**Treasury shares RM'000 (b)**
Group/Company				
At 1 January 2022	**1,118,902**	**–**	**2,155,630**	**–**
Issue of share capital	**30,000**	**–**	**4,950**	**–**
At 31 December 2022	**1,148,902**	**–**	**2,160,580**	**–**
At 1 July 2020	1,093,902	(26,722)	4,151,005	(20,903)
Resale of treasury shares	–	26,722	–	20,903
Issue of share capital	25,000	–	4,625	–
Share capital reduction	–	–	(2,000,000)	–
At 31 December 2021	1,118,902	–	2,155,630	–

(a) In the previous 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 in the Company 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 of the Company; 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.

The Company had on 2 March 2022, pursuant to the second tranche of the private placement, issued and allotted 30,000,000 new ordinary shares in the Company at RM0.165 per share for cash resulting in an increase in the issued share capital of the Company by RM4,950,000 from RM2,155,629,753 to RM2,160,579,753.

As at the date of this report, the total number of issued shares of the Company are 1,148,902,050 ordinary shares.

The new ordinary shares issued during the financial year 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 Company did not repurchase its own shares and none of the treasury shares then held by the Company were cancelled during the financial year ended 31 December 2022 and in the previous financial period ended 31 December 2021.

In the previous 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 31 December 2022 and 31 December 2021, the Company did not hold any treasury 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 January 2022	**459,949**	**90,484**	**114,213**	**(2,071,102)**	**(3,843)**	**1,177**	**(1,409,122)**
Other comprehensive income/(loss) for the financial year							
Foreign currency translation	**(181,270)**	**(5,656)**	**(6,593)**	**–**	**–**	**37**	**(193,482)**
Change in fair value of financial assets at fair value through other comprehensive income ("FVOCI")	**–**	**–**	**–**	**–**	**–**	**175**	**175**
Less: Non-controlling interests	**86,240**	**2,547**	**2,969**	**–**	**–**	**(12)**	**91,744**
	(95,030)	**(3,109)**	**(3,624)**	**–**	**–**	**200**	**(101,563)**
Transactions with owners							
Transfer from capital reserves, representing total transactions with owners	**–**	**–**	**(1,629)**	**–**	**–**	**–**	**(1,629)**
At 31 December 2022	**364,919**	**87,375**	**108,960**	**(2,071,102)**	**(3,843)**	**1,377**	**(1,512,314)**
At 1 July 2020	276,538	83,698	103,386	(2,071,102)	(3,843)	637	(1,610,686)
Other comprehensive income/(loss) for the financial period							
Foreign currency translation	337,761	12,344	14,352	–	–	–	364,457
Change in fair value of financial assets at FVOCI	–	–	–	–	–	635	635
Less: Non-controlling interests	(154,350)	(5,558)	(6,462)	–	–	(95)	(166,465)
	183,411	6,786	7,890	–	–	540	198,627
Transactions with owners							
Transfer to capital reserves, representing total transactions with owners	–	–	2,937	–	–	–	2,937
At 31 December 2021	459,949	90,484	114,213	(2,071,102)	(3,843)	1,177	(1,409,122)

26. OTHER RESERVES (continued)

Company	Capital redemption reserve 2022 RM'000	2021 RM'000
At beginning/end of the financial year/period	**2,905,831**	2,905,831

(a) Asset revaluation reserve

The asset revaluation reserve represents the fair value adjustments to the property, plant and equipment, investment properties and land use rights of Parkson Retail Development Co Ltd ("PRD") prior to the Group acquiring the remaining 44% equity interest in PRD in 2006.

(b) Capital reserves

The capital reserves are maintained by the Group's subsidiaries in the PRC in accordance with the regulations in that country and are not available for payment of dividend.

(c) Merger deficit

On 19 September 2007, the Group completed the acquisition of several companies in the retail business. The acquisition was satisfied by way of issuance of 3,799,730,000 new ordinary shares of the Company at an issue price of RM1.00 per share and RM500,000,000 nominal value 3-year 3.5% redeemable convertible secured loan stocks ("RCSLS") at 100% of its nominal value of RM1.00 each.

The difference between the fair value of the RCSLS of and shares in the Company issued as consideration and the nominal value of the shares acquired has been classified as merger deficit. The merger deficit was subsequently partially set off against capital redemption reserve of RM2,905,831,000 pursuant to a court approval dated 24 September 2007 granted to the Company. The RCSLS was fully converted in August 2010.

At each reporting date, the merger deficit will be reduced by transferring the Group's retained profits for the immediate preceding financial year after adjusting for proposed/declared dividend as at that date, in accordance with the Group's accounting policy disclosed in Note 2.5.

27. LOANS AND BORROWINGS

	Group 2022 RM'000	Group 2021 RM'000
Current		
Secured:		
Financial institutions		
Bank loans:		
HK$ denominated	**56,122**	1,130,461
Rmb denominated	**–**	5,892
Revolving financing	**121,500**	104,500
Bankers' acceptance	**5,963**	5,819
Bank overdrafts	**1,443**	1,596
Non-financial institutions		
Lenders from non-financial institutions	**127,644**	70,865
Unsecured:		
Term loan	**4,376**	4,092
Bank overdrafts	**2**	5
Total current loans and borrowings	**317,050**	1,323,230
Non-current		
Secured:		
Financial institutions		
Bank loans:		
HK$ denominated	**1,421,800**	–
Rmb denominated	**–**	16,988
Non-financial institutions		
Lenders from non-financial institutions	**–**	50,017
Total non-current loans and borrowings	**1,421,800**	67,005
Total loans and borrowings	**1,738,850**	1,390,235

27. LOANS AND BORROWINGS (continued)

	Group 2022 RM'000	Group 2021 RM'000
Total loans and borrowings		
Bank loans	**1,477,922**	1,153,341
Revolving financing	**121,500**	104,500
Bankers' acceptance	**5,963**	5,819
Lenders from non-financial institutions	**127,644**	120,882
Term loan	**4,376**	4,092
Bank overdrafts	**1,445**	1,601
	1,738,850	1,390,235

	Group 2022 RM'000	Group 2021 RM'000
Maturity of loans and borrowings:		
Within one year	**317,050**	1,323,230
More than one year and less than two years	**56,474**	53,291
More than two years and less than five years	**1,365,326**	13,714
	1,738,850	1,390,235

A reconciliation of liabilities arising from financing activities of the Group is as follows:

	At 1.1.2022 RM'000	Proceeds RM'000	Repayment RM'000	Exchange differences RM'000	At 31.12.2022 RM'000
Bank loans	**1,153,341**	**1,379,859**	**(1,141,716)**	**86,438**	**1,477,922**
Revolving financing	**104,500**	**45,000**	**(28,000)**	**–**	**121,500**
Bankers' acceptance	**5,819**	**14,914**	**(14,770)**	**–**	**5,963**
Lenders from non-financial institutions	**120,882**	**–**	**–**	**6,762**	**127,644**
Term loan	**4,092**	**–**	**–**	**284**	**4,376**
Total	**1,388,634**	**1,439,773**	**(1,184,486)**	**93,484**	**1,737,405**

	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 loan	4,283	–	–	(191)	4,092
Total	2,022,993	129,991	(710,342)	(54,008)	1,388,634

27. LOANS AND BORROWINGS (continued)

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

	Group	
	2022	**2021**
	%	**%**
Bank loans	**4.6**	2.2
Revolving financing	**6.2**	4.4
Bankers' acceptance	**3.4**	2.8
Lenders from non-financial institutions	**10.8**	10.8
Term loan	**7.0**	7.0
Bank overdrafts	**6.4**	6.3

(i) In 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 RM1,396,710,000) ("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 RM1,379,859,000) in January 2022 to fully settle the existing syndicated loans and to supplement its operating cash flows.

As at 31 December 2022, bank loans of the Group denominated in HK$ are secured by property, plant and equipment, investment properties and land use rights with total net carrying amount of RM1,442,191,000. As at 31 December 2021, bank loans of the Group denominated in HK$ and Rmb were secured by property, plant and equipment, investment properties and land use rights with total net carrying amount of RM2,085,273,000 and deposits with licensed banks and time deposits totalling RM461,078,000.

(ii) As at 31 December 2022, revolving financing of the Group of RM121,500,000 (2021: RM104,500,000) is secured by trade receivables of RM169,964,000 (2021: RM142,167,000) and unrealised receivables of RM54,028,000 (2021: RM41,169,000) which will be due within 48 months.

(iii) As at 31 December 2022, bankers' acceptance, bank overdrafts and bank guarantee facilities of the Group are secured by deposits with licensed banks of RM31,046,000 (2021: RM18,587,000).

(iv) As at 31 December 2022, amounts due to lenders from non-financial institutions of RM74,723,000 (2021: RM70,865,000) and RM52,921,000 (2021: RM50,017,000) are secured by an investment property with a carrying amount of RM160,200,000 (2021: RM160,200,000), and 924,200,000 ordinary shares (2021: 924,200,000 ordinary shares) of HK$0.02 each in the capital of PRGL, respectively.

28. LONG TERM PAYABLES

	Group 2022 RM'000	Group 2021 RM'000
Rental deposits	**5,390**	8,547
Others	**27**	49
	5,417	8,596

Non-current rental deposits have maturity ranging from 2 to 13 years (2021: 2 to 13 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.

29. PROVISIONS

	Group 2022 RM'000	Group 2021 RM'000
Non-current	**17,217**	17,285
Current	**5,816**	4,321
Total	**23,033**	21,606

These relate to provisions for restoration costs which represent the estimated cost of restoring leased space used in the principal activities of the Group. Provisions made are capitalised as part of the carrying amount of the Group's property, plant and equipment.

The movement in the provisions is as follows:

	Group 2022 RM'000	Group 2021 RM'000
At beginning of the financial year/period	**21,606**	27,801
Arose during the financial year/period	**2,073**	1,687
Utilised during the financial year/period	**(340)**	(1,529)
Reversed during the financial year/period	**(839)**	(6,922)
Unwinding of discount	**558**	680
Exchange differences	**(25)**	(111)
At end of the financial year/period	**23,033**	21,606

30. TRADE AND OTHER PAYABLES

	Group		Company	
	2022 RM'000	2021 RM'000	2022 RM'000	2021 RM'000
Current				
Trade and other payables:				
Trade payables [(i)]	**682,611**	879,421	**–**	–
Other payables [(ii)]	**279,570**	314,834	**–**	–
Deposits [(iii)]	**193,795**	141,692	**–**	–
Accruals [(iv)]	**104,419**	100,350	**891**	1,507
Total trade and other payables	**1,260,395**	1,436,297	**891**	1,507
Add:				
Loans and borrowings (Note 27)	**1,738,850**	1,390,235	**–**	–
Rental deposits (Note 28)	**5,390**	8,547	**–**	–
Amounts due to subsidiaries	**–**	–	**4,837**	3,190
Total financial liabilities carried at amortised cost	**3,004,635**	2,835,079	**5,728**	4,697

(i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (2021: 30 to 90 days).

(ii) Other payables are normally settled on average terms of 30 to 90 days (2021: average terms of 30 to 90 days).

(iii) Amount as at 31 December 2022 included net deposits received by the Group of RM84,293,000 in relation to the Disposal of Properties as disclosed in Note 43(iii).

(iv) Accruals of the Group as at 31 December 2022 included the accrued compensation of RM11,400,000 arising from the settlement agreement entered into between Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of PRA, and the lessor for the full and final settlement of all disputes and claims in relation to the sub-lease arrangements as disclosed in Note 42(ii). PCSB had fully paid RM10,400,000 (being RM11,400,000 deducting RM1,000,000 which PCSB had paid to the lessor as deposit pursuant to the sub-lease arrangements) to the lessor on 2 March 2023.

Other information on financial risks of trade and other payables are disclosed in Note 39.

31. CONTRACT LIABILITIES

	Group 2022 RM'000	Group 2021 RM'000
Deferred revenue from:		
Gift cards/vouchers sold (i)	**400,787**	404,362
Customer loyalty award (ii)	**13,518**	15,395
	414,305	419,757

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

	Group 2022 RM'000	Group 2021 RM'000
At beginning of the financial year/period	**404,362**	388,996
Arising during the financial year/period	**417,892**	425,706
Revenue recognised during the financial year/period	**(405,973)**	(440,382)
Lapsed amounts reversed	**(2,207)**	–
Exchange differences	**(13,287)**	30,042
At end of the financial year/period	**400,787**	404,362

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

	Group 2022 RM'000	Group 2021 RM'000
At beginning of the financial year/period	**15,395**	17,771
Arising during the financial year/period	**15,276**	34,593
Revenue recognised during the financial year/period	**(16,736)**	(25,670)
Lapsed amounts reversed	**–**	(12,102)
Exchange differences	**(417)**	803
At end of the financial year/period	**13,518**	15,395

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

In the previous financial period ended 31 December 2021, Parkson Haiphong Co Ltd ("PHCL"), a wholly-owned subsidiary of PRA in Vietnam, ceased the operation for an existing store and intended to cease the operation of its remaining store. The business operations of PHCL were significant to the operations in Vietnam and represented a separate major line of geographical area of operations (i.e. Haiphong). Consequently, the results of PHCL were separately disclosed under discontinued operations.

The revenue and results of PHCL were as follows:

		Group	
	Note	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Revenue	4	**–**	25,451
Other income	5	**153**	41,849
Purchase of goods and changes in inventories		**–**	(1,068)
Employee benefits expense	6	**–**	(2,880)
Depreciation and amortisation		**–**	(11,955)
Promotional and advertising expenses		**–**	(436)
Rental expenses		**–**	(3,485)
Other expenses		**(1,313)**	(9,235)
Operating (loss)/profit		**(1,160)**	38,241
Finance income	7	**–**	15
Finance costs	7	**–**	(10,484)
(Loss)/profit before tax	8	**(1,160)**	27,772
Income tax expense		**–**	–
(Loss)/profit for the financial year/period		**(1,160)**	27,772
(Loss)/profit for the financial year/period attributable to:			
Owners of the parent		**(788)**	18,874
Non-controlling interests		**(372)**	8,898
		(1,160)	27,772

34. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	Note	Group 2022 RM'000
As reclassified from:		
Property, plant and equipment	(i)	**58,403**
Investment properties	(i), (ii)	**71,017**
Intangible assets	(i)	**63,513**
Investments in joint ventures	(iii)	**–**
		192,933

(i) On 9 September 2022, Qingdao No. 1 Parkson Co Ltd, an indirect 95.91% owned subsidiary of PRGL, had entered into a sale and purchase agreement with an independent third party to dispose of certain property, plant and equipment and investment properties located in Qingdao City, Shandong Province, the PRC ("Properties") at a consideration of Rmb280 million (equivalent to approximately RM177,016,000) ("Disposal of Properties"). Further details are disclosed in Note 43(iii).

The net book values of property, plant and equipment of RM58,403,000, investment properties of RM22,661,000 and goodwill of RM63,513,000 in relation to the Disposal of Properties were reclassified as non-current assets classified as held for sale as at 31 December 2022.

(ii) During the financial year ended 31 December 2022, the Group had identified and commenced negotiations with a potential purchaser for the proposed disposal of part of a leasehold land in Melaka, Malaysia ("Land").

On 31 January 2023, Megan Mastika Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement with an independent third party in relation to the proposed disposal of approximately 7.54 acres of the Land for a cash consideration of approximately RM48.54 million ("Disposal of Land"). The Disposal of Land entails the disposal of approximately 7.54 acres of the Land ("Subject Property") with 1.28 acres of the Land that is adjacent to the Subject Property ("Surrendered Land") shall have been surrendered to the relevant authorities. The Land is pledged for a loan facility granted to the Group as at 31 December 2022.

The Disposal of Land is pending the fulfilment of conditions precedent.

The net book values of the Subject Property and the Surrendered Land totalling RM48,356,000 were reclassified as non-current assets classified as held for sale as at 31 December 2022.

(iii) On 21 July 2022, Corporate Code Sdn Bhd, a wholly-owned subsidiary of the Company, had entered into a sale and purchase agreement to dispose of its entire equity interests in the Watatime group of companies for a total consideration of approximately RM9 ("Watatime Disposal"). The completion of the Watatime Disposal shall be subject to and conditional upon the conditions precedent being fulfilled.

The Group's investments in the Watatime group of companies had been fully impaired as at 31 December 2022.

35. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	**Relationship**
BonusKad Loyalty Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
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 (In liquidation)	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
Brands Pro Management Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
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 in which a Director and certain substantial shareholders of the Company have interests

35. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties were entered into during the financial year/period:

	Group	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Purchases of goods and services from:		
- BonusKad Loyalty Sdn Bhd	**6,048**	6,367
- Lion Group Management Services Sdn Bhd	**492**	738
- Valino International Apparel Sdn Bhd (In liquidation)	**–**	378
- Posim Marketing Sdn Bhd	**118**	1,488
- Secom (Malaysia) Sdn Bhd	**765**	1,129
- Brands Pro Management Sdn Bhd	**355**	286
Rental of office and/or warehouse space from:		
- Visionwell Sdn Bhd	**1,044**	1,827

	Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**
Interest income from subsidiaries (Note 7)	**809**	1,495

The Directors of the Company are of the opinion that the above transactions had been entered into in the ordinary course of business and had 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 2022 are disclosed in Note 19, Note 20, Note 30 and Note 32.

35. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(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 year/period are as follows:

	Group		Company	
	1.1.2022 to 31.12.2022 RM'000	**1.7.2020 to 31.12.2021 RM'000**	**1.1.2022 to 31.12.2022 RM'000**	**1.7.2020 to 31.12.2021 RM'000**
Short term employee benefits	**6,536**	11,110	**203**	308
Pension costs				
- Defined contribution plans	**157**	194	**–**	–
	6,693	11,304	**203**	308

36. COMMITMENTS

Capital commitments

Capital expenditure at the reporting date is as follows:

	Group	
	2022 RM'000	**2021 RM'000**
Purchase of property, plant and equipment:		
Approved and contracted for	**42,406**	46,890

37. CORPORATE GUARANTEES

As at 31 December 2022, the Company had provided corporate guarantees amounting to RM44,000,000 (2021: RM44,000,000) in favour of financial institutions as security for the credit facilities totalling RM35,500,000 (2021: RM44,000,000) 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.

38. 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
2022	
Investment properties (Note 12):	
Completed investment properties	**2,023,040**
IPUC	**112,000**
Investment securities (Note 22):	
Financial assets at FVOCI	
- Unquoted equity securities	**17,504**
Financial assets at FVPL	
- Wealth management products	**68,477**
2021	
Investment properties (Note 12):	
Completed investment properties	2,095,040
IPUC	160,200
Investment securities (Note 22):	
Financial assets at FVOCI	
- Unquoted equity securities	17,331
Financial assets at FVPL	
- Wealth management products	59,345

There has been no transfer between Levels 1, 2 and 3 for the financial year/period 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.

38. FAIR VALUE (continued)

(b) Financial instruments

(i) The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

	Note
Lease liabilities	13
Amounts due from subsidiaries	19
Trade and other receivables	20
Trade and other payables	30
Amounts due to subsidiaries	32

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short term nature.

(ii) The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(aa) Financial instruments classified as current

The fair values of the Group's and of the Company's financial instruments, other than amounts due from/to subsidiaries/related parties, which are classified as current approximate to their carrying amounts due to the relatively short term maturity of these financial instruments.

(bb) Long term loans and borrowings

The fair values of long term loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(cc) Deposit receivables/payables

The fair values of rental deposit receivables/payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(dd) Lease liabilities

The fair values of non-current lease liabilities are estimated by discounting expected future lease payments at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the date of application.

39. 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 year/period would have been RM16,009,000 (2021: RM12,594,000) 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.

39. 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 US$ RM'000	HK$ RM'000	SGD RM'000	Total RM'000
Deposits, cash and bank balances				
2022				
Ringgit Malaysia	**529**	**1**	**420**	**950**
Chinese Renminbi	**9,525**	**16,449**	**–**	**25,974**
Vietnamese Dong	**115**	**–**	**–**	**115**
Burmese Kyat	**508**	**–**	**–**	**508**
Singapore Dollar	**1,243**	**–**	**–**	**1,243**
	11,920	**16,450**	**420**	**28,790**
2021				
Ringgit Malaysia	353	20	53	426
Chinese Renminbi	6,371	15,779	–	22,150
Vietnamese Dong	413	–	–	413
Burmese Kyat	567	–	–	567
Singapore Dollar	1,511	–	–	1,511
	9,215	15,799	53	25,067

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.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Group				
2022				
Trade and other payables	**1,260,395**	–	–	**1,260,395**
Loans and borrowings:				
Bank overdrafts	**1,445**	–	–	**1,445**
Revolving financing	**126,737**	–	–	**126,737**
Bankers' acceptance	**6,591**	–	–	**6,591**
Term loan	**4,476**	–	–	**4,476**
Bank loans	**160,841**	**1,530,753**	–	**1,691,594**
Lenders from non-financial institutions	**139,300**	–	–	**139,300**
Lease liabilities	**737,930**	**1,889,147**	**1,238,700**	**3,865,777**
Total undiscounted financial liabilities	**2,437,715**	**3,419,900**	**1,238,700**	**7,096,315**
2021				
Trade and other payables	1,436,297	–	–	1,436,297
Loans and borrowings:				
Bank overdrafts	1,601	–	–	1,601
Revolving financing	109,129	–	–	109,129
Bankers' acceptance	5,864	–	–	5,864
Term loan	4,410	–	–	4,410
Bank loans	1,177,361	18,409	–	1,195,770
Lenders from non-financial institutions	81,899	51,140	–	133,039
Lease liabilities	790,731	2,240,602	1,587,719	4,619,052
Total undiscounted financial liabilities	3,607,292	2,310,151	1,587,719	7,505,162

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk (continued)

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities: (continued)				
Company				
2022				
Trade and other payables	**891**	**–**	**–**	**891**
Total undiscounted financial liabilities	**891**	**–**	**–**	**891**
2021				
Trade and other payables	1,507	–	–	1,507
Total undiscounted financial liabilities	1,507	–	–	1,507

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 37.

(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.

<u>Exposure to credit risk</u>

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.

39. 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 receivables that are either past due or impaired is disclosed in Note 20.

40. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

(i) Retailing - Operation and management of retail stores in Malaysia, PRC and Vietnam.

In the previous financial period ended 31 December 2021, the Group had ceased to have control over the subsidiary in Indonesia, and accordingly, had ceased to consolidate the subsidiary in the Group's consolidated financial statements effective 17 May 2021 as disclosed in Note 15(b).

(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 in the previous financial period ended 31 December 2021 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.

40. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows:

2022	Retailing Malaysia RM'000	Retailing PRC RM'000	Retailing Vietnam RM'000	Others RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Revenue:							
External customers	754,531	2,106,936	7,585	53,529	2,922,581	–	2,922,581
Inter-segment	–	–	–	–	–	–	–
Total revenue	754,531	2,106,936	7,585	53,529	2,922,581	–	2,922,581
Results:							
Segment profit/(loss)	209,131	27,059	(6,703)	(11,429)	218,058	(1,160)	216,898
Finance income					54,045	–	54,045
Finance costs					(369,622)	–	(369,622)
Share of results of associates					(1,001)	–	(1,001)
Share of results of joint ventures					(1,124)	–	(1,124)
Impairment loss on:							
- Property, plant and equipment					(3,112)	–	(3,112)
- Right-of-use assets					(25,057)	–	(25,057)
- Intangible assets					(32,500)	–	(32,500)
Loss before tax					(160,313)	(1,160)	(161,473)
Total assets	1,060,343	7,198,718	120,514	511,283	8,890,858	1,899	8,892,757
Total liabilities	1,021,738	4,994,361	118,776	302,036	6,436,911	2,781	6,439,692
Capital expenditure	11,564	92,514	561	23	104,662	–	104,662

40. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows: (continued)

2021	Retailing Malaysia RM'000	Retailing PRC RM'000	Retailing Vietnam RM'000	Retailing Indonesia RM'000	Others RM'000	Continuing operations RM'000	Discontinued operations RM'000	Total RM'000
Revenue:								
External customers	720,221	3,999,495	5,597	23,916	70,629	4,819,858	25,451	4,845,309
Inter-segment	–	–	–	–	–	–	–	–
Total revenue	720,221	3,999,495	5,597	23,916	70,629	4,819,858	25,451	4,845,309
Results:								
Segment profit/(loss)	65,426	425,633	27,266	(34,769)	(1,616)	481,940	38,241	520,181
Finance income						93,620	15	93,635
Finance costs						(598,349)	(10,484)	(608,833)
Share of results of associates						7,223	–	7,223
Share of results of joint ventures						(2,165)	–	(2,165)
Effect on deconsolidation of a subsidiary						42,153	–	42,153
Write down of liabilities relating to a subsidiary in bankruptcy						166,233	–	166,233
Impairment loss on:								
- Property, plant and equipment						(67,334)	–	(67,334)
- An investment property						(10,300)	–	(10,300)
- Right-of-use assets						(136,132)	–	(136,132)
- Intangible assets						(25,257)	–	(25,257)
- Amount due from a joint venture						(10,000)	–	(10,000)
(Loss)/profit before tax						(58,368)	27,772	(30,596)
Total assets	958,232	7,998,103	126,969	–	447,485	9,530,789	13,512	9,544,301
Total liabilities	1,012,126	5,271,278	124,231	–	273,367	6,681,002	9,577	6,690,579
Capital expenditure	29,160	274,607	1,307	6	7	305,087	–	305,087

Non-current assets information based on the geographical locations of customers and assets are as follows:

	Group 2022 RM'000	Group 2021 RM'000
Malaysia	**694,909**	797,174
PRC	**4,973,626**	5,726,526
Vietnam	**56**	102
Others	**4**	4
	5,668,595	6,523,806

The amount of non-current assets consist of property, plant and equipment, investment properties, right-of-use assets, intangible assets, investments in associates and investments in joint-ventures.

Information about major customer

The Group does not have any revenue from a single external customer which represents 10% or more of the Group's revenue.

41. 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 year ended 31 December 2022 and the financial period ended 31 December 2021.

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**	
	2022 RM'000	**2021 RM'000**	**2022 RM'000**	**2021 RM'000**
Lease liabilities (Note 13(b))	**2,846,672**	3,249,903	**–**	–
Loans and borrowings (Note 27)	**1,738,850**	1,390,235	**–**	–
Less: Deposits, cash and bank balances (Note 23)	**(1,306,069)**	(1,309,279)	**(3,461)**	(3,422)
Investment securities - current (Note 22)	**(68,477)**	(59,345)	**–**	–
Net debt/(cash) (A)	**3,210,976**	3,271,514	**(3,461)**	(3,422)
Total equity, representing total capital	**2,453,065**	2,853,722	**2,672,811**	2,650,764
Capital and net debt (B)	**5,664,041**	6,125,236	**2,669,350**	2,647,342
Gearing ratio (A/B)	**57%**	53%	*	*

* Not applicable as the Company does not have debt.

42. 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$7.8 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. After the pre-trial proceedings and subsequent hearing for Case No. 2577, the PPMCFI will decide whether to (a) uphold the Default Judgement; or (b) dismiss the Default Judgement (either party or wholly). 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. 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.

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.

42. STATUS OF LITIGATIONS (continued)

(ii) On 2 April 2021, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of Parkson Retail Asia Limited ("PRA") which is in turn a 67.96% owned subsidiary of the Company, was served with a Writ of Summons and Statement of Claim filed by Millennium Mall Sdn Bhd ("MMSB"), the lessor of "M Square Mall", in the Kuala Lumpur High Court ("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").

PCSB was 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.

On 20 February 2023, PCSB and MMSB had entered into a settlement agreement for the full and final settlement of all disputes and claims between PCSB and MMSB in relation to the sub-lease arrangements between PCSB and MMSB ("Sub-lease Arrangements") ("Settlement Agreement"). Pursuant to the terms of the Settlement Agreement, it had been agreed, amongst others, that:

(a) PCSB shall pay a lump sum of RM10.4 million (being RM11.4 million deducting RM1 million which PCSB had paid to MMSB as deposit pursuant to the Sub-lease Arrangements) to MMSB, without admission as to liability, within 14 days from the date of the Settlement Agreement; and

(b) PCSB and MMSB shall relinquish, waive, release and/or discharge each other from all claims, debts and liabilities whatsoever in connection with and/or arising from the existing legal and arbitration proceedings involving PCSB and MMSB in relation to the Sub-lease Arrangements, and MMSB shall not in the future institute any proceedings and/or action against PCSB in relation to the Sub-lease Arrangements.

PCSB had accrued compensation of RM11.4 million arising from the Settlement Agreement as at 31 December 2022, as disclosed in Note 30(iv). The amount of RM10.4 million (being RM11.4 million deducting RM1 million which PCSB had paid to MMSB as deposit pursuant to the Sub-lease Arrangements) was fully paid by PCSB to MMSB on 2 March 2023 and the parties had discontinued the entire Suit on 7 March 2023.

42. 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 had 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 21 March 2023 as the hearing date for the Appeal.

On 21 March 2023, the Court of Appeal allowed the Appeal and directed for the matter to proceed with trial at the High Court. The next case management date is 13 April 2023 for further directions to be given.

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. STATUS OF LITIGATIONS (continued)

(iv) Parkson Vietnam Co Ltd ("PVC"), a wholly-owned subsidiary of PRA, received a letter dated 25 November 2020 from the Vietnam International Arbitration Centre ("VIAC") which provided, amongst others, that the landlord of PVC's leased premises in Da Nang, Vietnam ("Premises") ("Landlord") had submitted for arbitration in respect of the said lease to the VIAC ("Arbitration Request"). PVC operated a department store on the Premises leased to PVC for a term of 10 years which commenced on 15 February 2015 ("Lease").

The Landlord had submitted the Arbitration Request in respect of a claim of approximately VND26.9 billion (equivalent to approximately RM5.0 million) for alleged unpaid and outstanding rental and late payment charges for the period from 15 April 2019 to 14 August 2020 in connection with the Lease ("Claim Amount"). PVC had subsequently received another letter from the Landlord alleging, amongst others, that PVC is required under the terms of the Lease to pay to the Landlord a total amount of VND66.2 billion (equivalent to approximately RM12.3 million) for alleged unpaid and outstanding rental and late payment charges for the period from 15 April 2019 to 14 January 2021 and compensation for early termination of the Lease ("Revised Claim Amount"), and that the Premises were to be returned to the Landlord by 14 January 2021. The increase in the Revised Claim Amount, as compared with the Claim Amount, was principally attributable to the Landlord's demands for early termination compensation and forfeiture of the security deposit held by the Landlord.

On 26 January 2021, PVC received a letter from the VIAC notifying PVC on the additional petition submitted by the Landlord to the VIAC to amend the Arbitration Request in accordance with the Revised Claim Amount, to seek return of the Premises to the Landlord, and compensation for all arbitration fees and other relevant expenses (including legal fees) incurred by the Landlord in connection with the alleged breaches.

On 27 January 2021, PVC filed its statement of defence with the VIAC in response to the Arbitration Request from the Landlord in respect of the Claim Amount, as well as a counterclaim to effectively require the Landlord to allow PVC's sub-tenants to re-locate and handover their respective premises to PVC.

Subsequently, PVC received a notice from VIAC dated 21 October 2021 to attend to the summon relating to the settlement of the dispute on 23 November 2021 at VIAC, Ho Chi Minh City.

On 19 November 2021, PVC received a letter from the VIAC notifying PVC on the second revised claim amount submitted by the Landlord to the VIAC mainly to include an additional compensation claim amount for the rent (calculated from 15 January 2021 to 23 November 2021) in relation to PVC's alleged failure to return the Premises to the Landlord by 14 January 2021, which has brought the total claim amount to VND85.7 billion (equivalent to approximately RM15.9 million).

42. STATUS OF LITIGATIONS (continued)

(iv) (continued)

On 15 December 2021, PVC received the VIAC's decision dated 10 December 2021 in relation to the settlement of dispute between both parties that the VIAC, *inter alia*, decided that PVC shall compensate the Landlord a total of VND68.9 billion (equivalent to approximately RM12.8 million) which comprised the following ("Arbitral Award"):

(a) rent accrued from 15 April 2019 to 31 December 2020 based on base rent of VND29.3 billion (equivalent to approximately RM5.5 million);

(b) late payment interest up to 23 November 2021 of VND8.8 billion (equivalent to approximately RM1.6 million);

(c) compensation in relation to early termination of the lease agreement between both parties of VND28.8 billion (equivalent to approximately RM5.4 million);

(d) arbitration fee of VND1.5 billion (equivalent to approximately RM0.3 million); and

(e) legal fee of VND0.5 billion (equivalent to approximately RM93,000).

In addition to the above, PVC was required to complete the handover of the Premises together with the applicable furniture and fittings to the Landlord within 30 days from the date of the VIAC's decision. PVC had on 2 June 2022 handed over the premises to the Landlord.

The Arbitral Award is to be settled within 30 days from the date of the VIAC's decision, failure of which additional late payment interest will be imposed on PVC.

PVC was informed by its legal counsel in Vietnam that the VIAC's decision is final and the Arbitral Award may only be adjusted based on further justification by either party, subject to VIAC's approval. On 17 December 2021, PVC provided such further justifications to the VIAC.

On 26 January 2022, PVC received VIAC's response dated 21 January 2022 that VIAC did not accept PVC's further justifications made on 17 December 2021 to amend the Arbitral Award.

Total payments made during the financial year ended 31 December 2022 totalled VND26.7 billion (equivalent to approximately RM5.0 million). The amount outstanding as at 31 December 2022 stood at VND42.2 billion (equivalent to approximately RM7.8 million). As at the date of this report, PVC continues to negotiate for a proposed payment plan to the Landlord to a sum of VND42.2 billion (equivalent to approximately RM7.8 million) (excluding late payment interest of VND9.8 billion, equivalent to approximately RM1.8 million) as final settlement.

43. SIGNIFICANT EVENTS

(i) The Company had on 2 March 2022, pursuant to the second tranche of the private placement, issued and allotted 30,000,000 new ordinary shares in the Company at RM0.165 per share for cash resulting in an increase in 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 Malaysia Securities Berhad ("Bursa Securities") for an extension of time up to 17 March 2022 for the Company to complete the implementation of 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 2020), to independent third party investor(s) ("Private Placement") had lapsed on 17 March 2022; and

(b) a total of 55,000,000 new ordinary shares in the Company 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.

(iii) On 9 September 2022, Qingdao No. 1 Parkson Co Ltd ("Vendor"), an indirect 95.91% owned subsidiary of PRGL, had entered into a sale and purchase agreement with an independent third party to dispose of the properties (together with the car parking lots, refuge floors and other ancillary facilities) consist of Floor No. B5-F8, F9-F12A, F27, F46-F48 located at No. 44-60 Zhongshan Road, Shinan District, Qingdao City, Shandong Province, the PRC with an aggregate construction area of approximately 76,013 square metres, at the consideration of Rmb280,000,000 (equivalent to approximately RM177,016,000) ("Disposal of Properties").

The shareholders' approval for PRGL on the Disposal of Properties had been obtained on 28 October 2022. The Disposal of Properties is pending the fulfilment of conditions precedent.

44. COMPARATIVES

The financial statements of the Group and of the Company are made up for a period of 12 months from 1 January 2022 to 31 December 2022. The comparative figures which were prepared for the 18-month period from 1 July 2020 to 31 December 2021, are therefore not comparable.

LIST OF GROUP PROPERTIES

AS AT 31 DECEMBER 2022

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM Million)	Date of Acquisition/ Last Revaluation
1.	44-60, Zhongshan Road Shinan District Qingdao City Shandong Province, China	Leasehold 3.4.2045	76,875.3 sq metres	Commercial building	Shopping complex and office (22)	83.5	June 2004
2.	127, Renmin Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (26)	21.3	June 2004
3.	37, Financial Street Xicheng District Beijing, China	Leasehold 30.10.2047	60,888.6 sq metres	Commercial building	Shopping complex and office (28)	547.6	July 2006
4.	88, Er Dao Street Tie Dong District Anshan City Liaoning Province, China	Leasehold 11.5.2040	42,574.0 sq metres	Commercial building	Shopping complex (35)	154.8	January 2008
5.	The Northeast Corner of Nanmenwai Street and Shenyi Street Heping District Tianjin, China	Leasehold 10.7.2052	61,426.2 sq metres	Commercial building	Shopping complex under construction	467.3	March 2013
6.	Kawasan Bandar XLII Daerah Melaka Tengah Melaka						
	- Lot No. PT 842 HS(D) 72191	Leasehold 28.11.2111	23.2 acres	Land	For mixed development	127.3	December 2012, January 2015
	- Lot No. PT 845 HS(D) 80216	Leasehold 25.5.2113	6 acres	Land	For mixed development	32.9	January 2015
7.	No. 195 Hong Kong East Road Laoshan District Qingdao City Shandong Province, China	Leasehold 5.12.2050	228,622.0 sq metres	Commercial building	Shopping complex (7)	894.6	December 2015
8.	121, Renmin Zhong Road Wuxi, China	Leasehold November 2052	11,190.9 sq metres	Commercial building	Shopping complex and office (16)	108.9	March 2018

ANALYSIS OF SHAREHOLDINGS

Issued Shares as at 31 March 2023

Total Number of Issued Shares	:	1,148,902,050
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

Distribution of Shareholdings as at 31 March 2023

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares
Less than 100	2,936	19.98	91,306	0.01
100 to 1,000	2,322	15.80	982,459	0.09
1,001 to 10,000	5,716	38.89	23,263,144	2.02
10,001 to 100,000	3,039	20.68	103,179,367	8.98
100,001 to less than 5% of issued shares	680	4.62	678,565,233	59.06
5% and above of issued shares	4	0.03	342,820,541	29.84
	14,697	100.00	1,148,902,050	100.00

Substantial Shareholders as at 31 March 2023

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shares	Deemed Interest No. of Shares	Deemed Interest % of Shares
1. Tan Sri Cheng Heng Jem	286,923,039	24.97	339,592,650	29.56
2. Lion Industries Corporation Berhad	70,617,853	6.15	233,693,845	20.34
3. LLB Steel Industries Sdn Bhd	–	–	233,693,845	20.34
4. Steelcorp Sdn Bhd	–	–	233,693,845	20.34
5. Amsteel Mills Sdn Bhd	177,559,617	15.45	56,134,228	4.89

Thirty Largest Registered Shareholders as at 31 March 2023

Registered Shareholders	No. of Shares	% of Shares
1. Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Cheng Heng Jem (419450)	143,987,730	12.53
2. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	75,899,963	6.61
3. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-1	61,689,636	5.37
4. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-2	61,243,212	5.33
5. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	56,226,609	4.89
6. Lion Posim Berhad	56,000,000	4.87
7. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-3	30,672,692	2.67
8. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Han Joeh	24,962,500	2.17
9. Cartaban Nominees (Tempatan) Sdn Bhd icapital.biz Berhad	22,942,298	2.00
10. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-2	19,530,790	1.70
11. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-1	19,084,365	1.66
12. Affin Hwang Nominees (Tempatan) Sdn Bhd Trillionvest Sdn Bhd	18,146,213	1.58
13. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Amsteel Mills Sdn Bhd	14,487,530	1.26
14. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-3	12,577,911	1.09
15. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Trillionvest Sdn Bhd (3rd pty)	12,473,000	1.09
16. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad (LIO0157M)	11,702,596	1.02
17. RHB Nominees (Tempatan) Sdn Bhd Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Cheng Heng Jem	10,808,737	0.94
18. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	10,351,200	0.90
19. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-4	9,466,547	0.82
20. Cheng Yong Kim	9,059,786	0.79
21. HLB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Tay Hong Boon	8,056,000	0.70
22. Loh Kian Chong	8,000,000	0.70
23. Maybank Nominees (Tempatan) Sdn Bhd Tan Jenn Hwai	7,924,400	0.69
24. Lion Holdings Private Limited	7,006,526	0.61
25. HSBC Nominees (Asing) Sdn Bhd HSBC-FS G for ASM Connaught House (Master) Fund V LP	6,387,700	0.56
26. Lion-Parkson Foundation	5,816,389	0.51
27. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Lion Industries Corporation Berhad	5,512,470	0.48
28. AllianceGroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Han Joeh (8085254)	5,311,000	0.46
29. CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS)	4,637,576	0.40
30. Affin Hwang Nominees (Asing) Sdn Bhd Exempt AN for Phillip Securities (Hong Kong) Ltd (Clients' Account)	4,524,065	0.39

Directors' Interests in Shares in the Company and its Related Corporations as at 31 March 2023

The Directors' interests in shares in the Company and its related corporations as at 31 March 2023 are as follows:

	Direct Interest No. of Ordinary Shares	Direct Interest %	Deemed Interest No. of Ordinary Shares	Deemed Interest %
The Company				
Tan Sri Cheng Heng Jem	286,923,039	24.97	339,994,089	29.60
Ooi Kim Lai	197	Negligible	–	–

	Direct Interest No. of Ordinary Shares	Direct Interest %	Deemed Interest No. of Ordinary Shares	Deemed Interest %
Related Corporations				
Tan Sri Cheng Heng Jem				
Parkson Myanmar Investment Company Pte Ltd	–	–	2,100,000	70.00
Parkson Retail Asia Limited ("PRA")	500,000	0.07	457,933,300	67.96
Parkson Retail Group Limited	–	–	1,448,270,000 #	54.97
Cheng Hui Yen, Natalie				
PRA	50,000	0.01	–	–

Investments in the People's Republic of China	Deemed Interest Rmb	Deemed Interest % of Holdings
Tan Sri Cheng Heng Jem		
Guizhou Shenqi Parkson Retail Development Co Ltd	10,200,000	60.00
Lion Food & Beverage Ventures Limited	3,640,000	91.00
Qingdao No. 1 Parkson Co Ltd	223,796,394	95.91
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00

Note:

\# *Ordinary shares of HK$0.02 each.*

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 31 March 2023.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

(a) Conditional Option Agreement dated 13 September 2013 and supplemented by the Letters dated 7 February 2014, 2 June 2017, 28 February 2020, 31 December 2020 and 30 December 2022, and the Supplemental Option Agreement dated 12 May 2014 (collectively, the "Said Option Agreements") entered into between True Excel Investments (Cambodia) Co., Ltd ("True Excel") (a wholly-owned subsidiary of Parkson Holdings Berhad) as grantee and PP.SW Development Co. Ltd ("PP.SW"), a company in which a Director who is also a major shareholder of the Company has interest, as grantor wherein True Excel is granted the option to enter into a lease agreement ("Option to Lease") for the lease of the lower ground floor and first floor of a mall to be constructed at Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia for a term of 50 years with automatic renewal for another 50 years for an indicative refundable deposit of approximately US$42.00 million (equivalent to approximately RM185.22 million) to be satisfied wholly in cash upon the terms and conditions of the Said Option Agreements. The commencement date to exercise the Option to Lease had been extended to 31 December 2024.

(b) Conditional Sale and Purchase Agreement dated 13 September 2013 and supplemented by the Letters dated 7 February 2014, 2 June 2017, 28 February 2020, 31 December 2020 and 30 December 2022, and the Supplemental Conditional Sale and Purchase Agreement dated 12 May 2014 (collectively, the "Said Sale and Purchase Agreements") entered into between PP.SW as vendor and True Excel as purchaser for the purchase by True Excel of the second to seventh floors of a mall to be constructed in Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia ("Property") for an indicative consideration of approximately US$75.09 million (equivalent to approximately RM331.15 million) to be satisfied wholly in cash upon the terms and conditions of the Said Sale and Purchase Agreements. The handover date of the Property had been extended until 31 December 2024 for PP.SW to complete and hand over the Property to True Excel.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to External Auditors and its affiliated companies for the financial year ended 31 December 2022 by the Group and by the Company were RM13,500 (2021: RM8,000) and RM8,000 (2021: RM8,000) respectively.

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 31 December 2022 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
Obtaining of management support, office equipment, vehicle component parts, security services and equipment, training and other related products and services	Lion Industries Corporation Berhad ("LICB") Group (i)	521
	Lion Corporation Berhad ("LCB") Group (ii)	31
		552

Notes:

(i) LICB Group : LICB and its subsidiaries, excluding public companies

(ii) LCB Group : LCB and its subsidiaries and associated companies

The Related Parties are companies in which a Director and certain major shareholders of the Company have substantial interests.

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ______________________________

NRIC/Passport/Registration No. ______________________________

of ______________________________

being a member of PARKSON HOLDINGS BERHAD, hereby appoint ______________________________

____

NRIC/Passport No. ______________________________

of ______________________________

or failing whom, ______________________________

NRIC/Passport No. ______________________________

of ______________________________

as my/our proxy to vote for me/us and on my/our behalf at the 39th Annual General Meeting of the Company ("39th AGM") to be held virtually from the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan and via Securities Services e-Portal at https://sshsb.net.my/ on Wednesday, 24 May 2023 at 10.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To approve Directors' benefits		
3. To re-elect Y. Bhg. Tan Sri Cheng Heng Jem as Director		
4. To re-elect Ms Cheng Hui Yen, Natalie as Director		
5. To re-elect Y. Bhg. Tan Sri Dato' Seri Dr Aseh bin Haji Che Mat as Director		
6. To re-appoint Messrs Grant Thornton Malaysia PLT as Auditors		
7. Retention of Cik Zainab binti Dato' Hj. Mohamed as an Independent Non-Executive Director		
8. Authority to Directors to Issue and Allot Shares		
9. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this __________ day of ______________________ 2023

No. of shares: ______________________ Signed: ______________________

Representation at Meeting:

(i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 May 2023 shall be eligible to participate at the Meeting.

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

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

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

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

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

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

- The 39th AGM will be conducted virtually through live streaming and online remote voting via the Remote Participation and Voting ("RPV") facilities available on Securities Services e-Portal at https://sshsb.net.my/. Please refer to the procedures provided in the Administrative Guide for the 39th AGM for registration, participation and remote voting via the RPV facilities.

PARKSON HOLDINGS BERHAD
Registration No. 198201009470 (89194-P)

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