PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

ANNUAL REPORT 2020

Corporate Profile

ABOUT PARKSON RETAIL ASIA LIMITED

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 3 November 2011, Parkson Retail Asia Limited ("Parkson", and together with its subsidiaries, the "Group") is a leading Southeast Asian department store retailer with an extensive network of 61 department stores across cities in Malaysia, Vietnam and Indonesia as at 30 June 2020.

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

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Geographic Footprint

AS AT 30 JUNE 2020

MALAYSIA
Number of stores: 42
GFA: 459,000 sqm

VIETNAM
Number of stores: 4
GFA: 71,000 sqm

INDONESIA
Number of stores: 15
GFA: 138,000 sqm

Corporate Information

BOARD OF DIRECTORS
Tan Sri Cheng Heng Jem (Executive Chairman)
Cheng Hui Yuen, Vivien (Executive Director)
Michael Chai Woon Chew (Lead Independent Director)
Ng Tiak Soon (Independent Director)
Koong Lin Loong (Independent Director)

AUDIT COMMITTEE
Chairman
Ng Tiak Soon

Members
Michael Chai Woon Chew
Koong Lin Loong

NOMINATING COMMITTEE
Chairman
Michael Chai Woon Chew

Members
Koong Lin Loong
Tan Sri Cheng Heng Jem

REMUNERATION COMMITTEE
Chairman
Koong Lin Loong

Members
Ng Tiak Soon
Michael Chai Woon Chew

COMPANY SECRETARY
Ang Siew Koon (ACS)

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

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
B.A.C.S Private Limited
8 Robinson Road #03-00
ASO Building
Singapore 048544

AUDITORS
Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner in-charge: Tan Peck Yen
(With effect from the financial year ended 30 June 2018)

PRINCIPAL BANKERS
United Overseas Bank
Malayan Bank Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad
PT Bank Permata Tbk
PT Bank CIMB Niaga Tbk
Vietcombank (Joint Stock Commercial Bank for Foreign Trade of Vietnam).

WEBSITE
www.parkson.com.sg

Chairman's Statement

Dear Shareholders

On behalf of the Board of Directors, I hereby present the Annual Report of Parkson Retail Asia Limited for the financial year ended 30 June 2020.

The retail business was severely impacted by the outbreak of Covid-19 and with no exception to the Group, the outbreak has negatively impacted our operations across the regions we are in and their respective financial performance. Nevertheless, the management has taken pro-active measures, amongst others, to control costs and improve productivity to minimise the impact.

Overall, the Group recorded gross sales proceeds of S$633.8 million (FY2019 : S$909.9 million), revenue of S$269.3 million (FY2019 : S$398.5 million) and loss before tax of S$83.5 million (FY2019 : S$30.3 million). The loss before tax for the current financial year was arrived at after the adoption of SFRS(I) 16 Leases which has given rise to a negative financial impact of S$38.2 million (FY2019 : nil) , as well as the impairment of property, plant and equipment & land use right of S$12.6 million (FY2019 : S$12.1 million).

Malaysia Operations

Due to the Covid-19 outbreak, revenue dropped to S$226.5 million from S$330.2 million of the corresponding financial year, a decrease of 31.4%. Loss before tax stood at S$21.2 million compared with loss before tax of S$5.9 million in the previous financial year. During FY2020, one (1) store was closed while a new store was opened. The total number of stores as at 30 June 2020 was 42, consistent with the previous financial year.

I am delighted to reveal that the Group's operations in Malaysia has also launched its e-commerce business at the beginning of the fourth quarter of FY2020 to stay relevant, and to enable another shopping channel for its loyal customers. The response to the e-commerce platform has been quite encouraging thus far.

Indonesia and Vietnam Operations

The Indonesia and Vietnam retail markets have also been affected by the Covid-19 outbreak, evidenced by the decline in revenue by 33.9% to S$31.6 million and 43.4% to S$11.2 million respectively.

Chairman's Statement

In the case of Indonesia's operations, loss before tax was recorded at S$25.1 million compared with S$8.6 million in the previous financial year while the Vietnam operations recorded loss before tax at S$33.4 million compared with S$10.1 million of the corresponding financial year.

There were no closure and opening of store during FY2020. As at 30 June 2020, the Indonesia and Vietnam operations have in total 15 stores and 4 stores respectively.

Store Assessment

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

I am proud to share that the first Uniqlo flagship outlet was opened in Vietnam at our Parkson store in Ho Chi Minh City in December 2019. Lease rental income from the Uniqlo outlet has thus far been contributing positively to the Group. On 31 July 2020, Muji has also opened its "pop-up" outlet at our Parkson store in Ho Chi Minh City.

Outlook

With the on-going tension between the world's two (2) largest economies, ie the USA and China as well as the aftermath of the Covid-19 pandemic, we remain cautious on the outlook of the Group for the next financial year ending 30 June 2021.

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

Acknowledgement

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

Finally, I would also like to take this opportunity to express my gratitude and appreciation to Mr Ng Tiak Soon, the Independent and Non-Executive Director, who has decided not to seek for re-election at the forthcoming Annual General Meeting. I would like to thank Mr Ng for his invaluable contribution and dedication to the Group over the years.

TAN SRI CHENG HENG JEM
Executive Chairman

Singapore
12 October 2020

Financial Highlights

	2016 SGD'000	2017 SGD'000	2018 SGD'000	2019 SGD'000	2020 SGD'000
Consolidated Income Statement					
Gross sales proceeds [1]	967,746	982,422	952,953	909,870	**633,797**
Revenue	388,417	412,734	413,552	398,544	**269,330**
(Loss)/Earnings before interest, depreciation, amortisation and tax	53,537	(21,437)	(11,462)	(7,909)	**20,744**
(Loss)/Profit for the year	28,595	(61,234)	(43,931)	(34,613)	**(84,995)**
(Loss)/Profit attributable to owners of the Company	30,177	(58,218)	(42,672)	(34,600)	**(84,928)**
Basic and diluted (loss)/earnings per share (cents)	4.46	(8.64)	(6.33)	(5.14)	**(12.60)**
Consolidated Balance Sheet					
Total assets	374,077	340,315	285,781	258,181	**443,447**
Total liabilities	216,751	250,015	237,125	243,390	**509,407**
Total equity	157,326	90,300	48,656	14,791	**(65,960)**

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

Management Discussion and Analysis

The Group recorded the following Same Store Sales Growth ("SSSG") by countries: -

	Year ended	
	30.06.2020	30.06.2019
Malaysia	-23.1%	5.1%
Vietnam	-26.9%	-19.3%
Indonesia	-30.2%	-2.2%

The Group recorded negative SSSG across the countries, mainly due to the Covid-19 outbreak which started in the middle of Q3FY2020.

There was opening of one (1) store and closure of one (1) store in Malaysia during the financial year ended 30 June 2020.

As at 30 June 2020, the Group's department store network comprises 61 (30 June 2019 : 61) stores spanning approximately 668,000 sqm of Gross Floor Area; 42 (30 June 2019 : 42) in Malaysia (covering 459,000 sqm), 4 (30 June 2019 : 4) in Vietnam (covering 71,000 sqm) and 15 (30 June 2019 : 15) in Indonesia (covering 138,000 sqm).

Gross Sales Proceeds ("GSP") recorded a decline of 30.3% and the components of GSP are as follows: -

	Group Year ended		
	30.06.2020	30.06.2019	+/(-)
	S$'000	S$'000	%
GSP			
Sales of goods - direct sales	143,211	222,262	(35.6)
Sales of goods - concessionaire sales	479,669	669,487	(28.4)
Total merchandise sales	622,880	891,749	(30.2)
Consultancy / management service fees	389	788	(50.6)
Rental income	8,212	13,531	(39.3)
Food and beverage	2,316	3,802	(39.1)
Total GSP	633,797	909,870	(30.3)

The decline in total merchandise sales by 30.2% was largely due to lower sales attained across the regions as a result of the Covid-19 outbreak. Merchandise sales mix remained largely concessionaire at 77.0% (FY2019: 75.1%) while contribution from direct sales was 23.0% (FY2019: 24.9%).

Consultancy and management service fees from managing a department store in Malaysia declined by 50.6% due to lower sales attained by the departmental store. Rental income decreased by 39.3%, mainly as a result of lesser store count compared with FY2019. Food and beverage operations registered a decline in sales by 39.1%, mainly as a result of the exit of food courts business in the previous financial year.

Management Discussion and Analysis

Merchandise gross profit margin stood at 24.5% (FY2019: 23.8%).

Group Income Statement

	Group Year ended 30.06.2020 $'000	30.06.2019 $'000	+/(-) %
Revenue	269,330	398,544	(32.4)
Other Items of Income			
- Finance income	4,234	3,551	19.2
- Other income	16,788	5,164	>100
Items of expense			
- Changes in merchandise inventories and consumables	(106,985)	(169,754)	(37.0)
- Employee related expense	(53,548)	(63,077)	(15.1)
- Depreciation of right-of-use assets	(57,036)	0	>(100)
- Depreciation and amortisation expense	(21,412)	(24,698)	(13.3)
- Promotional and advertising expense	(4,748)	(8,169)	(41.9)
- Operating lease expense	(7,976)	(107,822)	(92.6)
- Interest expense on lease liabilities	(28,841)	0	>(100)
- Finance costs	(1,202)	(1,261)	(4.7)
- Impairment of right of use assets	(40,840)	0	>(100)
- Impairment of property, plant and equipment	(11,216)	(12,110)	(7.4)
- Impairment of land use right	(1,425)	0	>(100)
- Other expenses	(38,636)	(50,685)	(23.8)
Total expenses	(373,865)	(437,576)	(14.6)
Loss before taxation	(83,513)	(30,317)	>100
Tax expense	(1,482)	(4,296)	(65.5)
Loss for the year	(84,995)	(34,613)	>100
Loss for the period attributable to:			
Owners of the Company	(84,928)	(34,600)	>100
Non-controlling interests	(67)	(13)	>100
	(84,995)	(34,613)	>100

REVENUE

Revenue declined by 32.4%, mainly due to the adverse impact from the Covid-19 outbreak on the three (3) regions the Group operated in and lesser store count compared with FY2019.

OTHER ITEMS OF INCOME

Other income increased by >100%, mainly due to recognition of income from subleasing right-of-use assets upon the adoption of SFRS(I) 16 Leases on 1 July 2019.

EXPENSES

Total expenses declined by 14.6% and analysis of major expenses is as follows:-

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables decreased by 37.0%, largely in line with the decline in revenue and lesser store count compared with FY2019.

Employee related expense (staff costs)

Staff costs declined by 15.1%, in line with lesser headcount and lesser store count compared with FY2019.

Depreciation expense of right-of-use assets

Depreciation expense arose from the adoption of SFRS(I) 16 Leases on 1 July 2019; the capitalisation of leases on 1 July 2019 as right-of-use assets and their subsequent amortisation on a straight line basis.

Depreciation and amortisation expense

Depreciation and amortisation expense declined by 13.3%, mainly in line with the decline in property, plant and equipment due to impairment and write-off in previous years.

Promotional and advertising expense

Promotional and advertising expenses declined by 41.9%, largely attributed to the shifting from traditional media (newspapers) to digital media, of which the latter is more cost efficient and is part of the Group's cost cutting exercise.

Management Discussion and Analysis

Operating lease expense

Operating lease expense declined by 92.6% as a result of the adoption of SFRS(I) 16 Leases on 1 July 2019. Without this adoption, the operating lease expense was estimated to be S$86.2 million as compared with S$107.8 million of the previous financial year. The decline was largely due to the Group's lesser store count compared with FY2019 and rental rebate obtained from landlords pursuant to the Covid-19 outbreak.

Interest expense on lease liabilities

Interest expense on lease liabilities arose from the adoption of SFRS(I) 16 Leases on 1 July 2019; the recognition of lease liabilities and its consequent interest expense.

Impairment of right-of-use assets

The impairment was related to loss-making stores.

Impairment of property, plant and equipment / land use right

The impairment was related to loss-making stores and the mark down of a property to its current market value.

Other expenses

Other expenses comprised mainly (a) selling and distribution expenses amounted to S$6.0 million, (b) general and administrative expenses amounted to S$15.3 million and (c) other operating expenses amounted to S$17.3 million. The decline in other expenses was mainly due to lesser store count compared with FY2019 and the Group's effort to contain cost.

PRE-TAX LOSS

The Group recorded pre-tax loss of S$83.5 million (FY2019 : S$30.3 million). Without the adoption of SFRS(I) 16 Leases, the pre-tax loss of the Group would have been S$45.3 million (as compared with S$83.5 million), analysed as below:-

	S$'000
Pre-tax loss	(83,513)
Add/(Deduct) SFRS(I) 16 Leases impact	
- Operating lease expense	(78,205)
- Right-of-use asset ("ROUA") depreciation	57,036
- Interest expense on lease liabilities	28,841
- Impairment of ROUA	40,840
- Rental income from sub-lease	2,073
- Interest income on net investments in sublease	(1,849)
- Income from subleasing ROUA	(10,526)
Pre-tax loss excluding SFRS(I) 16 Leases impact	(45,303)

TAX EXPENSE

The Group recorded tax expense of S$1.5 million as a subsidiary was in a taxable position.

GROUP BALANCE SHEET

Property, plant and equipment and land use right declined to S$65.0 million and Nil respectively, mainly due to depreciation, impairment, write-off of assets and reclassification of assets to asset held for sale. During the financial year, a wholly-owned subsidiary of the Group has identified and commenced negotiations with a potential purchaser for the sale of the plot of land use right and building in Haiphong City, Vietnam ("the Property"). As announced on 27 July 2020, a subsidiary of the Group had entered into a conditional Asset Transfer Agreement with a purchaser for the disposal of the Property for USD10.0 million (equivalent to approximately S$13.8 million) inclusive of value added tax. Consequently, the land use right and building has been classified as an asset held for sale as at 30 June 2020.

Lease receivables (non-current and current) arose from the recognition of new finance sub-lease arrangements with tenants upon the adoption of SFRS(I) 16 Leases on 1 July 2019.

Right-of-use assets of S$258.9 million arose from the adoption of SFRS(I) 16 Leases on 1 July 2019.

Inventories declined to S$41.3 million, a group effort to manage inventories level.

Management Discussion and Analysis

Trade and other receivables (current) declined to S$14.6 million, mainly due to the reduction in outstanding credit card receivable and refund of tenancy deposit from landlord.

Cash and short-term deposits decreased to S$10.2 million, mainly due to payments to creditors and the loss of sales on Hari Raya Festive in May 2020.

Trade and other payables (current) declined to S$97.7 million, mainly due to settlement of debt.

Lease liabilities (current and non-current) of S$347.0 million arose from the adoption of SFRS(I) 16 Leases on 1 July 2019.

Other liabilities (non-current) declined to Nil, mainly due to reversal of accrued rental against right-of-use assets upon the adoption of SFRS(I) 16 Leases on 1 July 2019.

COMPANY BALANCE SHEET

Investment in subsidiaries declined to S$125.6 million due to impairment of cost of investment in a subsidiary.

Other receivables (non-current) declined to Nil as a result of impairment for amount owing by a subsidiary.

Other payables (current) of S$6.9 million was mainly in relation to amount owing to the ultimate holding company and a subsidiary.

GROUP CASH FLOW

The Group recorded net cash inflow of S$16.7 million in operating activities while net cash used in investing activities was S$8.0 million and the Group recorded net cash used in financing activities of S$56.9 million. Net decrease in cash and cash equivalents was S$48.2 million (FY2019 : net increase of S$14.0 million), mainly due to lower collection attained as a result of the Covid-19 outbreak and higher payments to creditors.

Board of Directors

TAN SRI CHENG HENG JEM

Executive Director, Chairman

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

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

Tan Sri Cheng is the Chairman and Managing Director of Parkson Holdings Berhad ("PHB"), our ultimate holding company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Executive Director and Chairman of Parkson Retail Group Limited, a subsidiary of PHB listed on The Stock Exchange of Hong Kong Limited. Tan Sri Cheng is currently the Chairman of Lion Posim Berhad (formerly known as Lion Forest Industries Berhad), a public company listed on the Main Market of Bursa Securities. He also sits on the board of Lion Asiapac Limited, a public company listed on SGX-ST.

Tan Sri Cheng is also the Chairman and Managing Director of Lion Corporation Berhad and the Chairman of ACB Resources Berhad, both are public companies, and a Founding Member and a Permanent Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes.

Tan Sri Cheng was the President of The Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM") and The Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor ("KLSCCCI") from 2003 to 2012 and is now a Life Honorary President of ACCCIM and KLSCCCI. He was also the President of Malaysia Retailers Association ("MRA") from August 2014 to May 2018 and was appointed an Honorary President of MRA from June 2018 to July 2020. In July 2020, he was again appointed the President of MRA. He was the Chairman of the Federation of Asia-Pacific Retailers Associations ("FAPRA") from October 2017 to September 2019, and in September 2019, he was appointed the Vice Chairman of the FAPRA. He is a Trustee of ACCCIM's Socio-Economic Research Trust and the President of Malaysia Steel Association.

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

CHENG HUI YUEN, VIVIEN

Executive Director

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

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

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

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

NG TIAK SOON

Independent, Non-Executive Director

Mr Ng was appointed as a Director of the Company on 1 September 2017 and was last re-elected on 31 October 2017. He is the Chairman of the Audit Committee and a member of the Remuneration Committee.

Mr Ng retired as a Senior Partner from Ernst & Young LLP, Singapore in June 2005, an accounting firm that he had joined since 1986.

During his employment with Ernst & Young LLP, Singapore, he held various positions including head of banking, head of an audit group, partner-in-charge of audit quality review and chief financial officer. He is currently an independent director of Eurosports Global Limited, a company listed on the Catalist of the SGX-ST and Kinergy Corporation Ltd., a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Mr Ng had also previously served on the Board of 800 Super Holdings Ltd and MDR Limited.

Mr Ng is a non-practicing member of the Institute of Singapore Chartered Accountants, a member of the Association of Chartered Certified Accountants, United Kingdom as well as a member of the Singapore Institute of Directors.

KOONG LIN LOONG

Independent, Non-Executive Director

Mr. Koong was appointed as a Director of the Company on 2 January 2020. He is the Chairman of the Remuneration Committee and a Member of the Nominating Committee and Audit Committee.

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

He is also the associate member of Malaysian Association of Company Secretaries, the Institute of Internal Auditors Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA). Mr. Koong is also an Independent Non-Executive Director of Oversea Enterprise Berhad, a company listed on Bursa Securities.

In addition, Mr Koong is the National Council Member of the Associated Chinese Chambers of Commerce and Industry of Malaysia ("ACCCIM"); Head of Taxation Taskforce cum deputy Chairman of ACCCIM Small & Medium Enterprises (SMEs) Committee. He is also a Council Member of CTIM cum Chairman of its Membership Committee.

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

MICHAEL CHAI WOON CHEW

Independent, Non-Executive Director

Mr Chai was appointed as a Director of the Company on 1 September 2017, and was last elected on 31 October 2017. He is the Lead Independent Director, Chairman of the Nominating Committee and a member of the Remuneration Committee and Audit Committee.

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

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

Key Management

CHANG CHAE YOUNG
Chief Executive Officer of Indochina operations

Mr Chang was appointed as the Chief Executive Officer of Indochina operations on 1 July 2018. Mr Chang has extensive experience in brand management and retail operations, having worked with E-land Group, Cole Haan, Kate Spade and Teenie Weenie in South Korea, Hong Kong and China for over 20 years.

Mr Chang holds a Bachelor of Business Management from Chonnam National University, South Korea.

GUI CHENG HOCK
Group Chief Operating Officer of Indonesia operations

Mr Gui is the Group Chief Operating Officer of Indonesia operations. Mr Gui has over 30 years of experience in the retail industry. He worked for Emporium Supermarket Holdings Bhd prior to joining Parkson. Mr Gui has been with Malaysia operations since 1987 and has held several positions, including Operations Manager, General Manager (Operations) and Senior General Manager (Retail Properties). He became the Group Chief Operating Officer of Indonesia operations in October 2013.

Mr Gui holds a Diploma in Commerce from Tunku Abdul Rahman College, Malaysia and an Executive Diploma in Management Studies from Curtin University of Technology, Australia.

LAW BOON ENG
Chief Operating Officer of Malaysia operations

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

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

TAY BOON HOCK
Chief Auditor

Mr Tay is the Chief Auditor of the Company. He joined the Company in April 2017. Prior to joining the Company, he was with Wah Chan Group, an established jeweller in Malaysia where his last position held was Head of Internal Audit. Collectively, Mr Tay has 20 years of experience in internal and external audit, accounting, finance and operations.

Mr Tay is a Certified Internal Auditor with The Institute of Internal Auditors, USA (IIA), a chartered member of the Institute of Internal Auditors, Malaysia (IIAM), a fellow

member of the ACCA and a member of the Malaysia Institute of Accountants. He attained his Diploma in Financial Accounting from Tunku Abdul Rahman University College. He currently serves as a board member of the IIAM and is the Chairman of the Certification & Academic Relations Committee of the IIAM.

CHUA TIAN PANG

Chief Financial Officer

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

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

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

Corporate Social Responsibility

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

MALAYSIA

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 an on-going transformation of peoples' lives through the benefits of education. We believe in Empowerment through Education; that education is the catalyst to bring about sustainable change for the better for our future generations.

Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at our companies during their semester breaks to prepare them for working in the corporate world. In FY2020, the Foundation awarded scholarships worth RM10,000 per annum to 10 students based on their academic performance, extra-curricular activities and leadership qualities. To date, the Foundation has sponsored a total of 469 students under its scholarship and other sponsorship programmes worth RM11.0 million.

For the 11th consecutive year, students from 5 schools staged calligraphy demonstrations and orchestra performances at 8 participating Parkson stores in the Klang Valley over 2 weekends prior to the 2020 Lunar New Year and successfully raised RM169,568 from the sale of their calligraphy pieces. The Lunar New Year Calligraphy Exhibition and Charity Sale since 2010 have raised a total of RM2,552,212 to assist needy students in these schools.

Home for Special Children

In our efforts to assist the community, we have not forgotten the less fortunate, namely the special children whose lives we seek to enhance and enrich through the Home for Handicapped and Mentally Disabled Children in Selangor. It was built at a cost of RM2.2 million contributed by the Foundation in 2012 on a 4.17 acres piece of land worth RM1.2 million donated by Lion Group which can accommodate 100 children. The Home was officially opened by National Shuttler, Datuk Wira Lee

Chong Wei and the Foundation Chairman, Puan Sri Chelsia Cheng on 4 November 2012. Further construction work for the 2nd and 3rd phases which cost another RM6 million to enable the Home to accommodate another 100 children and an old folks home have been completed.

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. Since 1995, the Foundation has assisted individuals and organisations that are geared towards helping the less fortunate to achieve a better life, including sponsoring community health programmes such as medical camps and donation of dialysis machines.

Approximately RM9.2 million has been disbursed in the form of sponsorship for medical treatment to 976 individuals, purchase of equipment and medication for needy Malaysians, purchase of medicine for medical camps as well as purchase of 23 dialysis machines worth RM875,000 for Dialysis Centres operated by National Kidney Foundation of Malaysia and Non-Governmental Organizations (NGOs) to provide subsidised treatment to those suffering from kidney failure.

Other Charitable Causes

In May 2020, the Foundation handed over a total contribution of RM30,000 cash and hand sanitisers worth RM4,000 to Malaysian Red Crescent Selangor State ("MRCSS") in support of the assistance work extended by MRCSS to hospitals, clinics and the underprivileged to help overcome the COVID-19 pandemic. The Foundation also contributed face masks and hand sanitisers amongst other items to 50 single mothers and their children at a Hari Raya event.

To date, a total of RM48.8 million has been contributed to the various charitable causes championed by the Foundation as stated above.

Corporate Social Responsibility

INDONESIA

Education and Community Engagement

Stemming from our belief in engaging and giving back to the communities in the markets that we operate in, our subsidiary in Indonesia, PT Tozy Sentosa collaborated with Taman Bacaan Pelangi for "We Care Program – Build Children Library for East Nusa Tenggara", a project that helps children in their learning process by providing libraries in the schools in East Nusa Tenggara. The donation proceeds came from the sale of coupons for Rp10,000 each in our 15 stores nationwide from May to August 2019, with additional contribution by PT Tozy Sentosa.

In December 2019, our Parkson and Centro stores distributed 250 sets of rice packs and basic necessities to the local communities in the mosques and churches in Manado, North Sulawesi. In the same month, our Centro store in Manado Town Square organised a "We Care Program" to donate toys to children who spent their Christmas in RSUP, Prof Dr R.D. Kandou Government General Hospital in Manado. This was followed by the donation of 300 sets of school essentials and rice packs to students in the elementary schools in Tangerang to assist their educational needs.

Caring for the Environment

In order to create greater environmental awareness amongst the public, from January to February 2020, Parkson and Centro stores organised a campaign on waste reduction and recycling to encourage customers to reduce plastic waste. Customers were rewarded with Parkson Centro Card membership points for bringing in used plastic bottles which were sent to institutions that manage waste processing and recycle them into useful items.


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Corporate Governance Report

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

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

In the opinion of the Board of Directors of the Company (each a "**Director**", and collectively the "**Board**" or "**Directors**"), the Company has generally complied with all of the principles set out in the Code for the financial year ended 30 June 2020 ("**FY2020**").

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

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

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

Corporate Governance Report

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

The Directors attend and actively participate in Board and Board committees meetings. The Board meets at least four times a year. The Board, Board committees meetings and the Company's Annual General Meeting ("**AGM**") for the following calendar year are scheduled at the end of the current calendar year to enable the Directors to plan their schedule ahead. Ad hoc meetings may be called in between the scheduled meetings when there are matters requiring the relevant Directors' deliberation, consideration and decision. The Company's Constitution provides for Board meetings to be held via telephone, or other similar communication facilities whereby all persons participating in the meeting are able to communicate as a group, with at least one of the Directors present at the venue of the meeting for the duration of the meeting. The AGM and the number of Board and Board committees meetings held in FY2020 and the attendance of the Directors at the meetings are as follows:

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee		Annual General Meeting
	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	
Executive Directors									
Tan Sri Cheng Heng Jem	C	5/5	-	-	M	2/2	-	-	1/1
Cheng Hui Yuen, Vivien	M	5/5	-	-	-	-	-	-	1/1
Independent Directors									
Ng Tiak Soon	M	5/5	C	4/4	-	-	M	1/1	1/1
Tan Soo Khoon[1]	M	1/1	M	1/1	M	1/1	C	1/1	0/1
Michael Chai Woon Chew	M	5/5	M	4/4	C	2/2	M	1/1	1/1
Koong Lin Loong[2]	M	2/2	M	2/2	M	N.A	C	N.A	N.A

[1] Retired at the Company's AGM held on 31 October 2019, and ceased to be the Chairman of the RC and a member of the AC and NC.
[2] Appointed on 02 January 2020 as an Independent Director, the Chairman of the RC and a member of the AC and NC.

Legend:
C – Chairman
M – Member

A formal letter will be given to each new Director upon his/her appointment, setting out the Director's roles, duties, obligations and responsibilities, and the expectations of the Company. Incoming Directors, when appointed, will undergo an orientation programme that includes briefings by Management on the Group's structure, businesses, operations, and policies. Each new Director who has not acted as a director of a listed company is also encouraged to attend trainings conducted by the Singapore Institute of Directors on 'Duties and Responsibilities of Directors' and other relevant courses to help him familiarise himself with the roles and responsibilities of a director of a listed company. All Directors are also given the opportunity to visit the Group's operational facilities and meet with the management team.

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

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

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

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

Annual budgets are presented to the Board for approval and adoption, and subsequently in the quarterly Board meetings, the variances between projections and actual results are tabled for the Board's review. If needed, the AC or the Board may request for re-forecasts or revised budgets to be presented. Monthly management accounts are made available to Directors upon their request. Management also presents the top five performing stores and top five loss-making stores to the Board on a semi-annual basis at the quarterly Board meetings.

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

Corporate Governance Report

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

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

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

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

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

There were changes in the Board composition during FY2020. Mr Tan Soo Khoon ("Mr Tan") did not seek re-election as a Director at the AGM held on 31 October 2019 and retired from the Board. Mr Koong Lin Loong was appointed on 02 January 2020 as a Director to fill the position vacated by Mr Tan.

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

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

(a) the NED, or an immediate family member, providing to or receiving from the Company or any of its related corporations any significant payments or material services, for the current or immediate past financial year, other than compensation for board service;

(b) the NED:

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

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

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

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

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

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

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

The Company does not have a written Board Diversity Policy. The composition of the Board is reviewed at least annually, or as and when appropriate by the NC to ensure that there is a mix of experience and expertise to enable the Company to benefit from a diverse perspective from directors of different background.

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

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

To facilitate a more effective check on Management, NEDs are encouraged to meet regularly without the presence of Management. The NEDs who were not involved in the operations of the Group had met several times in FY2020 without the presence of Management.

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

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

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

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

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

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

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

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

Michael Chai Woon Chew – Chairman (Lead ID)
Tan Soo Khoon[1] – Member (ID)
Koong Lin Loong[2] – Member (ID)
Tan Sri Cheng Heng Jem – Member (ED)

(1) Retired at the Company's AGM held on 31 October 2019, and ceased to be the Chairman of the RC and a member of the AC and NC.
(2) Appointed on 02 January 2020 as an Independent Director, the Chairman of the RC and a member of the AC and NC.

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

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

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

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

In accordance with Article 91 of the Articles of Association comprising part of the Constitution ("**Constitution**") of the Company, Mr Michael Chai and Mr Ng will retire at the forthcoming AGM. Mr Koong, who was appointed as an ID to the Board on 02 January 2020, shall retire as a director at the forthcoming AGM in accordance with Article 97 of the Constitution. Being eligible, Mr Michael Chai and Mr Koong have submitted themselves for re-election. In this regard, the NC (save for Mr Michael Chai and Mr Koong who abstained from deliberating and voting on their own nomination), having considered the attendance and participation of Mr Michael Chai and Mr Koong at the Board meetings, in particular, their contribution to the business and operations of the Company, has recommended their re-election. The Board has concurred with the NC's recommendation. Mr Ng has expressed his wish to retire at the forthcoming AGM to pave the way for Board renewal. The NC is currently in the process of looking for a replacement of Mr Ng for the ID position and will make its recommendations to the Board on the appointment. The announcement on the appointment will be made in due course once a decision has been made.

Information relating to the Directors seeking re-election, detailing their qualification, directorships in other listed companies, their appointment to the Board of the Company and the date of their last re-election can be found on pages 150 to 154 of this Annual Report.

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

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

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

The Company was listed on the SGX-ST on 03 November 2011 and none of the IDs have served on the Board for more than nine (9) years. The Company will ensure its compliance, where necessary, to Rule 210(5)(d) of the Listing Rules which will come into effect from 01 January 2022, where the re-appointment of IDs who have served on the Board beyond nine (9) years from the date of their first appointment are to be subjected to a two-tier shareholders' voting.

In the event that a Director has multiple board representations or other principal commitments, the NC will determine whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company. The NC and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful. The contribution of each Director would depend on his/her individual circumstances, including whether or not he has a full time vocation or other responsibilities, his/her individual capabilities and the nature and the complexity of the organisations in which he/she holds appointments. The NC, with the concurrence of the Board, was satisfied that each of the Directors is able to and had adequately carried out his/her duties as a Director of the Company in FY2020, and had given sufficient time and attention to the affairs of the Company.

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

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

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

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

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

The last Board, Board committees and individual Directors' evaluations were conducted in August 2020 in accordance with the procedures adopted by the Board. No external facilitator/consultant was engaged to assist with this performance evaluation exercise. The Board was satisfied that the Board as a whole and its Board committees were effective and that each and every Director had demonstrated their commitment to and had contributed to the effective functioning of the Board and the Board committees.

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

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

Tan Soo Khoon[1] – Chairman (ID)
Koong Lin Loong[2] – Chairman (ID)
Ng Tiak Soon – Member (ID)
Michael Chai Woon Chew – Member (Lead ID)

[1] Retired at the Company's AGM held on 31 October 2019, and ceased to be the Chairman of the RC and a member of the AC and NC.
[2] Appointed on 02 January 2020 as an Independent Director, the Chairman of the RC and a member of the AC and NC.

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

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

In reviewing the Directors' fees and the key management personnel's compensation packages, the RC will consider all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind. The RC member will abstain from deliberating and voting on his/her own remuneration. The RC will seek expert advice on remuneration matters if necessary. No external consultant was engaged to advise on remuneration matters in FY2020.

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

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

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

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

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

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

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

The Directors' fee structure is as follows:		
Fee Structure (annual basis) for FY2020		
Board	**Audit Committee**	
Members	**Chairman**	**Members**
S$55,000	S$10,000	S$5,000

Fee Structure (annual basis) for FY2021		
Board	**Audit Committee**	
Members	**Chairman**	**Members**
S$33,000	S$6,000	S$3,000

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

The RC had recommended to the Board a maximum amount of S$250,000 as the total Directors' fees to be paid for the financial year ending 30 June 2021 payable quarterly in arrears (FY2020: S$350,000). The Board has concurred with the RC's recommendation to reduce the Directors' fees for FY2021. This recommendation will be tabled for shareholders' approval at the AGM.

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

A breakdown, showing the level and mix of each individual Director's remuneration for FY2020 is as follows:

	Fee %	Salary %	Variable Bonus %	Contribution to Defined Contribution Plan %	Benefits %	Total %	Total S$'000
Executive Directors							
Tan Sri Cheng Heng Jem	100	-	-	-	-	100	49
Cheng Hui Yuen, Vivien	100	-	-	-	-	100	49
Non-Executive Directors							
Ng Tiak Soon	100	-	-	-	-	100	59
Michael Chai Woon Chew	100	-	-	-	-	100	54
Koong Lin Loong [(2)]	100	-	-	-	-	100	24
Tan Soo Khoon [(1)]	100	-	-	-	-	100	20
							255

(1) Retired at the Company's AGM held on 31 October 2019.
(2) Appointed on 02 January 2020 as an Independent Director, the Chairman of the RC and a member of the AC and NC.

The remuneration (individually within the band of S$250,000) of the top five key management personnel for FY2020 (excluding the Directors and the Group CEO) is disclosed in the table below:

	Salary %	Variable Bonus %	Contribution to Defined Contribution Plan %	Benefits %	Total %
Key Management Personnel					
Law Boon Eng	76	14	4	6	100
Chang Chae Young	61	5	-	34	100
Gui Cheng Hock	75	11	2	12	100
Chua Tian Pang	77	11	11	1	100
Tay Boon Hock	80	10	10	-	100

For FY2020, the aggregate total remuneration paid to the top five key management personnel (excluding the Directors) was S$821,812.

Ms Cheng Hui Yen, Natalie, who is the daughter of Tan Sri Cheng Heng Jem, the Executive Chairman and a substantial shareholder, has an employment relationship with a subsidiary of the Company, and has received remuneration (comprising salary, variable bonus, contribution to defined contribution plan and other benefits) within the band of S$100,000 to S$150,000 in FY2020. The basis for determining her remuneration was the same as the basis for determining the remuneration of other employees. Save as disclosed, there are no employees who have relationship with the Directors, CEO or substantial shareholder.

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

The Company had on 12 October 2011 adopted the ESOS, representing share-based incentive options of the Company. As at 30 June 2020, no options under the ESOS have been granted.

The main features of the ESOS are as follows:

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

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

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

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

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

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

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

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

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

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

The Board regards risk management as an integral part of business operations. A Corporate Risk Management System implementing an Enterprise Wide Risk Management Framework ("**CRMS-ERM**") was developed, enhanced and documented. The CRMS-ERM Manual sets out in a comprehensive manner the process adopted by the Group towards risk identification, evaluation, treatment, risks appetite setting, control, tracking and monitoring of strategic, business, financial and operational risks. Management plays a pivotal role in overseeing the implementation of the risk management framework, periodically reviewing the risk management scorecards and reporting the status to the AC. Management also assesses all material and key risks associated with the Group's businesses and operations as well as corporate proposals.

For FY2020, the AC received the Risk Management Report on a quarterly basis and the key risks were discussed at the quarterly AC meetings.

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

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

(a) from the Executive Chairman and CFO that as at FY2020, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

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

The Board, with the concurrence of the AC, is of the opinion that, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management, the various Board committees and the Board and the written assurance from the Executive Chairman and CFO, the Group's internal controls addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate as at 30 June 2020 and where certain weaknesses were identified, these have been addressed by the Management. It should be noted that the system of internal controls and risk management can provide only reasonable, but not absolute, assurance against financial misstatements or loss, and of safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with all relevant legislation. The Board will continue its on-going risk assessment process with a view to improve the Company's internal controls system.

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

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

Ng Tiak Soon – Chairman (ID)
Tan Soo Khoon[(1)] – Member (ID)
Koong Lin Loong[(2)] – Member (ID)
Michael Chai Woon Chew – Member (Lead ID)

(1) Retired at the Company's AGM held on 31 October 2019 and ceased to be a member of AC.
(2) Appointed on 02 January 2020 as an Independent Director, the Chairman of the RC and a member of the AC and NC.

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

- reviewing the significant financial reporting issues and judgements to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;
- reviewing and reporting to the Board, at least annually, on the adequacy and effectiveness of the Group's internal controls and risk management systems addressing key financial, operational, compliance and information technology controls, including procedures for entering into hedging transactions, and risk management policies and systems established by Management ("**internal controls and risk management systems**"), ensuring that such review of the effectiveness of the internal controls and risk management systems is conducted at least annually;
- reviewing the assurances received from the Executive Chairman and CFO on the financial records and financial statements;
- reviewing, with the external auditor, the adequacy, effectiveness, independence, scope and results of the external audit, including the external auditor's evaluation of the system of internal accounting controls in the course of the audit of the Group's financial statements;
- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- reviewing the adequacy, effectiveness, independence, scope and results of the Group's internal audit function;
- appraising and reporting to the Board on the audits undertaken by the external auditor and internal auditor, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and
- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

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

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

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

Mr Ng, the AC Chairman, was a retired Senior Partner of Ernst & Young LLP who has extensive financial and audit experience in a broad range of industries. Mr Michael Chai is a partner of a legal firm serving a wide range of large multinationals, public limited companies as well as private businesses, financial institutions and individuals. Mr Koong is the Managing Partner of Reanda LLKG International and the CEO of K-Konsult Taxation Sdn Bhd. Please refer to the profile of the Directors in the "Board of Directors" section in this Annual Report.

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

The AC held four meetings in FY2020. All of these meetings were attended by the key management personnel at the invitation of the AC. The Group's external auditor was also present at these meetings.

The AC met with the external and the internal auditors without the presence of the EDs and Management at least twice in FY2020 (on 23 August 2019 and on 14 February 2020).

The AC also reviewed the Group's quarterly and full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group and the auditor's report on the annual financial statements of the Group and Company for FY2020 prior to making recommendations to the Board for approval.

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

The AC has reviewed the non-audit services provided by the external auditor, Ernst & Young LLP, for FY2020 and is of the opinion that the provision of such services did not affect the independence or objectivity of the external auditor as the percentage of the fees for non-audit services is relatively small as compared to the fees for audit services. The external auditor has affirmed its independence in this respect. The aggregate amount of fees paid/payable by the Group to the Company's external auditor is disclosed in Note 8 of the financial statements.

The AC has recommended the re-appointment of Ernst & Young LLP as external auditor at the Company's forthcoming AGM.

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

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

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

Internal Audit

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

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

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

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

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

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

For FY2020, the AC is satisfied that the internal audit function was independent, effective and adequately resourced, with appropriate standing within the Group.

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

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

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

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

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

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

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

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

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

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

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

The Board does not have a fixed dividend policy at present. The form, frequency and amount of interim/final dividends to be declared each year will be decided/recommended by the Board after taking into consideration the Group's profit, growth, cash position, positive cash flows generated from operations, projected capital requirements for the Group's business growth, general business conditions, and other factors as the Board may deem appropriate. No dividend has been declared in FY2020 in view of the net losses recorded by the Group.

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

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

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

To promote a better understanding of shareholders' views, the Board actively encourages shareholders to participate during the Company's general meetings. At these meetings, shareholders are given the opportunity to voice their views and raise issues either formally or informally. The Company's website at www.parkson.com.sg is another channel to solicit and understand the views of the shareholders.

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

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

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

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

ADDITIONAL INFORMATION

DEALINGS IN SECURITIES

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

MATERIAL CONTRACTS

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

INTERESTED PERSON TRANSACTIONS ("IPTs")

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

The AC has reviewed the IPTs for FY2020. The aggregate value of the material IPTs between the Group and the interested persons for FY2020 are as follows:-

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
		S$'000	S$'000
Lion Corporation Berhad [(1)]	Associate of Tan Sri Cheng Heng Jem, a director and controlling shareholder of the Company ("Tan Sri Cheng")	-	5,179
Parkson Holdings Berhad Group [(2)]	Associate of Tan Sri Cheng	508[(i)]	4,032[(ii)]
Lion Posim Berhad (formerly known as Lion Forest Industries Berhad Group) [(3)]	Associate of Tan Sri Cheng	-	469
Visionwell Sdn Bhd [(4)]	Associate of Tan Sri Cheng	-	307

Notes:

(1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S$4.892 million;

(b) Purchase of security equipment and procurement of security service totaling S$0.272 million;

(c) Purchase of office equipment, furniture and fittings as well as sale of gift voucher totaling S$0.015 million.

(2) (i) (a) Interest expense of S$0.344 million in relation to loan from the ultimate holding company;

(b) Royalty expense totaling S$0.158 million;

(c) Service charge for credit collection services and sale of equipment, furniture and fittings and computer software totaling $0.006 million.

(ii) (a) Rental income and store management fee totaling S$0.436 million;

(b) Net purchase of merchandise and sale of goods, rental of office space as well as sale of gift voucher totaling S$3.596 million.

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

(4) Rental of office space.

Directors' Statement

The directors present their statement to the members together with the audited consolidated financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2020.

Opinion of the directors

In the opinion of the directors,

(i) the consolidated financial statements of the Group and the balance sheet, statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Directors

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

Tan Sri Cheng Heng Jem
Cheng Hui Yuen, Vivien
Ng Tiak Soon
Michael Chai Woon Chew
Koong Lin Loong (appointed on 02 January 2020)

In accordance with Article 91 of the Constitution of the Company, Mr Ng Tiak Soon and Mr Michael Chai Woon Chew will retire at the forthcoming Annual General Meeting ("AGM"). Mr Koong Lin Loong, who was appointed as an Independent Director on 02 January 2020, will retire at the forthcoming AGM in accordance with Article 97 of the Constitution of the Company. Mr Michael Chai Woon Chew and Mr Koong Lin Loong have submitted themselves for re-election. Mr Ng Tiak Soon has expressed his wish to retire at the forthcoming AGM.

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Statement

Directors' interests in shares and debentures

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Chapter 50, an interest in shares and share options of the Company and related corporations (other than wholly owned subsidiaries) as stated below:

Name of director	Direct interest: At the beginning of financial year	Direct interest: At the end of financial year	Deemed interest: At the beginning of financial year	Deemed interest: At the end of financial year
Ordinary shares of the Company				
Tan Sri Cheng Heng Jem	500,000	500,000	457,933,300	457,933,300
Ordinary shares of the ultimate holding company (Parkson Holdings Berhad)				
Tan Sri Cheng Heng Jem	286,923,039	286,923,039	341,532,045	341,532,045
Ordinary shares of a related corporation (Parkson Retail Group Limited)				
Tan Sri Cheng Heng Jem	–	–	1,448,270,000	1,448,270,000

The immediate holding company is East Crest International Limited ("ECIL"). Parkson Holdings Berhad ("PHB") is the sole shareholder of ECIL and is as such deemed to be interested in the shares of the Company held by ECIL. Tan Sri Cheng Heng Jem has a direct interest in 26.89% and an indirect interest in 32.00% of the voting shares of PHB, and as such by virtue of his control of the exercise of not less than 20.00% of the votes attached to the voting shares in PHB, is deemed to be interested in the shares of the Company held by ECIL.

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

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2020.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Directors' Statement

Options

No options were issued by the Company or its subsidiaries during the financial year. As at 30 June 2020, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

Employee share option scheme

The Company has an employee share option scheme known as the Parkson Retail Asia Limited Employee Share Option Scheme (the "ESOS") which was approved and adopted on 12 October 2011. Since the commencement of the ESOS and as at 30 June 2020, no options under the ESOS have been granted by the Company.

Audit committee

The Audit Committee ("AC") comprises Ng Tiak Soon, Michael Chai Woon Chew and Koong Lin Loong. The chairman of the AC is Ng Tiak Soon. The members, including the Chairman, are independent non-executive directors.

The AC carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50. The functions performed are detailed in the Group's Corporate Governance Report in the Annual Report.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor.

On behalf of the board of directors:

Tan Sri Cheng Heng Jem
Director

Cheng Hui Yuen, Vivien
Director

Singapore
12 October 2020

Independent Auditor's Report

For the financial year ended 30 June 2020
To the members of Parkson Retail Asia Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Parkson Retail Asia Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and of the Company as at 30 June 2020, and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group and statements of changes in equity of the Group and the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Singapore Financial Reporting Standards (International) (SFRS(I)) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2020 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2.1 to the financial statements. The Group incurred a net loss of SGD84,995,000 for the year ended 30 June 2020. As of that date, the Group and Company's current liabilities exceeded their current assets by SGD117,365,000 and SGD7,241,000 respectively, and the Group's total liabilities exceeded its total assets by SGD65,960,000. The Group's operations were significantly impacted by movement restrictions and store closure caused by COVID-19 pandemic in its key markets. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. As disclosed in Note 2.1, the ability of the Group to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations to meet working capital needs and continued support from its suppliers and creditors.

If the Group is unable to continue in operation existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in normal course of business and at amounts which could differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify certain non-current assets and liabilities as current assets and liabilities respectively. No such adjustments have been made to these financial statements.

Our opinion is not modified in respect of this matter.

Independent Auditor's Report

For the financial year ended 30 June 2020
To the members of Parkson Retail Asia Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Impairment assessment of property, plant and equipment and right-of-use assets

The Group operates department stores primarily in Malaysia, Indonesia and Vietnam. The carrying value of the property, plant and equipment and right-of-use assets of the Group as at 30 June 2020 are SGD64,974,000 and SGD258,919,000 respectively and are material to the Group's financial statements. Management judgement is involved in the identification of any impairment indicators as well as the assessment of the recoverable values of these assets. Such judgement is made based on forecasted future store performance, which is, amongst others, dependent on the expected store traffic, the competitive environment in local markets and taking into consideration the heightened level of estimation uncertainty associated with the market and economic conditions prevailing at the reporting date brought on by the COVID-19 pandemic. Management has recognised an impairment charge of SGD11,216,000 and SGD40,840,000 on property, plant and equipment and right-of-use assets respectively during the financial year. For these reasons, we have identified this as a key audit matter.

Our procedures included, amongst others, assessing management's identification of impairment indicators of assets related to the individual department stores. Where an impairment indicator is identified, we, with the assistance of the auditors of the subsidiaries, evaluated the reasonableness of management's key assumptions underlying the impairment calculations for different scenarios of the recovery period from the COVID-19 pandemic. In addition, we have also compared the actual results of the stores against forecast previously made by management and taking into consideration the viability of the stores' future plans, local economic development and industry outlook, taking into account the uncertainty associated with the evolving COVID-19 pandemic situation. Our internal specialists assisted us in evaluating the reasonableness of the discount rate used in deriving the recoverable amount.

The Group's disclosures for property, plant and equipment and right-of-use assets are included in Note 11 and Note 26 to the financial statements respectively.

Inventory allowance

The Group's inventories mainly consist of inventories at its department stores and they amounted to SGD41,274,000, representing 9% of the Group's total assets as at 30 June 2020. Inventories are subject to the risk of theft and/or obsolescence which is an inherent risk to the Group. Inventories are carried at the lower of cost and net realisable value. As the determination of net realisable value requires significant management judgement, we have identified this as a key audit matter. The allowance for inventory shrinkage and inventory obsolescence recognised in profit or loss was SGD1,037,000 for the current financial year.

Inventory allowance (continued)

The procedures included, amongst others, observing stock count, reviewing management's reconciliation of stock count results to inventory record and performing roll forward/backward of stock count to year end quantity, where applicable. We assessed the adequacy of the shrinkage allowance made by assessing the total shrinkage loss recognised after the inventory cycle counts and projected it to year end. We tested the design and effectiveness of system controls over the purchasing, receiving and invoice matching process. We assessed the adequacy of the allowance for obsolescence made by the management by reviewing selling prices of samples of inventories, aging of inventories and gross margins of inventories sold during the year and after the year end. We also reviewed the audit procedures performed by the auditors of the subsidiaries and held discussions with them and management in assessing the assumptions.

The Group's disclosures for inventories are included in Note 20 to the financial statements.

Impairment assessment of investment in subsidiaries (Parent company only)

As at 30 June 2020, the Company has significant investment in subsidiaries, Parkson Corporation Sdn Bhd and PT Tozy Sentosa. There is significant management judgement involved in the assessment of the recoverability of these subsidiaries which operate the Group's department store operations in Malaysia and Indonesia respectively. During the current financial year, an impairment charge of SGD14,356,000 was recognised against the cost of investment in subsidiaries.

Management's assessment of the recoverable amount of the investment in subsidiaries involves estimation and judgement relating to the assumptions used in profit forecast and discounted cashflows and considers the heightened level of estimation uncertainty associated with the market and economic conditions prevailing at the reporting date brought on by the COVID-19 pandemic. Key assumptions and estimates used in the cash flow projections are pre-tax discount rates, budgeted gross margins and growth rates. Thus, we have identified this as a key audit matter.

Our audit procedures included, amongst others, assessing the reasonableness of the assumptions used in the cash flow projections approved by the board of directors. We held discussions with management and the auditors of the subsidiaries to obtain an understanding of assumptions used in the cash flow projections. The auditors of the subsidiaries were involved to assist us in the evaluation of the reasonableness of the assumptions used by management in their cash flow projections, which included a comparison of the historical performance of the subsidiaries against forecasts, and considering the viability of future plans, local economic conditions and industry outlook, taking into account the uncertainty associated with the evolving COVID-19 pandemic situation. Our internal specialists also assisted us in evaluating the reasonableness of certain key assumptions such as the pre-tax discount rates and terminal growth rate.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

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

Other Information (continued)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

Auditor's responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Tan Peck Yen.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

12 October 2020

Consolidated Income Statement

For the financial year ended 30 June 2020

	Note	2020 SGD'000	2019 SGD'000
Revenue	4	269,330	398,544
Other items of income			
Finance income	5	4,234	3,551
Other income	6	16,788	5,164
Items of expense			
Changes in merchandise inventories and consumables	20	(106,985)	(169,754)
Employee benefits expense	7	(53,548)	(63,077)
Depreciation and amortisation expenses	8	(78,448)	(24,698)
Promotional and advertising expenses		(4,748)	(8,169)
Operating lease expenses	8	(7,976)	(107,822)
Finance costs	5	(30,043)	(1,261)
Other expenses		(92,117)	(62,795)
Loss before tax	8	(83,513)	(30,317)
Income tax expense	9	(1,482)	(4,296)
Loss for the year		(84,995)	(34,613)
Loss for the year attributable to:			
Owners of the Company		(84,928)	(34,600)
Non-controlling interests		(67)	(13)
		(84,995)	(34,613)
Loss per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	(12.60)	(5.14)

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

Consolidated Statement of Comprehensive Income

For the financial year ended 30 June 2020

	2020 SGD'000	2019 SGD'000
Loss for the year	(84,995)	(34,613)
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan, net of tax	–	76
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	485	(166)
Net fair value loss on equity instruments at fair value through other comprehensive income	(736)	(173)
	(251)	(263)
Total comprehensive income for the year	(85,246)	(34,876)
Attributable to:		
Owners of the Company	(85,175)	(34,933)
Non-controlling interests	(71)	57
	(85,246)	(34,876)

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

Balance Sheets
As at 30 June 2020

	Note	Group 2020 SGD'000	Group 2019 SGD'000	Company 2020 SGD'000	Company 2019 SGD'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	64,974	95,138	–	–
Land use right	12	–	7,204	–	–
Right-of-use assets	26	258,919	–	–	–
Investments in subsidiaries	13	–	–	125,570	140,553
Investment in an associate	14	–	–	–	–
Deferred tax assets	15	3,176	3,146	–	–
Other receivables	17	33,215	14,672	–	7,499
Prepayments	16	86	863	–	–
Intangible assets	18	474	861	–	–
Investment securities	19	183	916	–	–
		361,027	122,800	125,570	148,052
Current assets					
Inventories	20	41,274	53,322	–	–
Trade and other receivables	17	14,644	23,658	–	–
Prepayments	16	1,267	2,372	12	13
Tax recoverable		1,829	1,281	–	–
Cash and short-term deposits	21	10,169	54,748	115	83
		69,183	135,381	127	96
Asset classified as held for sale	11	13,237	–	–	–
Total assets		443,447	258,181	125,697	148,148
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	97,685	155,607	6,858	1,196
Other liabilities	23	25,050	21,723	510	267
Contract liabilities	23	9,211	11,942	–	–
Provisions	24	1,447	3,293	–	–
Loans and borrowings	25	5,862	4,152	–	–
Lease liabilities	26	60,530	–	–	–
		199,785	196,717	7,368	1,463
Net current liabilities		(117,365)	(61,336)	(7,241)	(1,367)

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

Balance Sheets
As at 30 June 2020

	Note	Group		Company	
		2020	**2019**	**2020**	**2019**
		SGD'000	SGD'000	SGD'000	SGD'000
Non-current liabilities					
Other payables	22	4,254	3,857	–	–
Other liabilities	23	–	19,651	–	–
Provisions	24	6,882	10,875	–	–
Loans and borrowings	25	11,621	11,851	8,961	7,369
Lease liabilities	26	286,428	–	–	–
Deferred tax liabilities	15	437	439	437	439
		309,622	46,673	9,398	7,808
Total liabilities		509,407	243,390	16,766	9,271
Net (liabilities)/ assets		(65,960)	14,791	108,931	138,877
Equity attributable to owners of the Company					
Share capital	27	231,676	231,676	231,676	231,676
Treasury shares	27	(549)	(549)	(549)	(549)
Other reserves	28	(168,373)	(168,126)	(48,356)	(47,891)
Accumulated losses		(128,604)	(48,171)	(73,840)	(44,359)
		(65,850)	14,830	108,931	138,877
Non-controlling interests		(110)	(39)	–	–
Total equity		(65,960)	14,791	108,931	138,877

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

Statements of Changes in Equity

For the financial year ended 30 June 2020

	Attributable to owners of the Company						
Group	**Equity, total**	**Equity attributable to owners of the Company, total**	**Share capital**	**Treasury shares**	**Accumulated losses**	**Other reserves**	**Non-controlling interests**
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Opening balance at 1 July 2019	14,791	14,830	231,676	(549)	(48,171)	(168,126)	(39)
Effect of adoption of SFRS(I) 16	4,495	4,495	–	–	4,495	–	–
Opening balance at 1 July 2019 (restated)	19,286	19,325	231,676	(549)	(43,676)	(168,126)	(39)
Loss for the year	(84,995)	(84,928)	–	–	(84,928)	–	(67)
Other comprehensive income							
Net fair value loss on equity instruments at fair value through other comprehensive income	(736)	(736)	–	–	–	(736)	–
Foreign currency translation	485	489	–	–	–	489	(4)
	(251)	(247)	–	–	–	(247)	(4)
Total comprehensive income for the year	(85,246)	(85,175)	–	–	(84,928)	(247)	(71)
Closing balance at 30 June 2020	(65,960)	(65,850)	231,676	(549)	(128,604)	(168,373)	(110)
Opening balance at 1 July 2018	49,667	52,589	231,676	(549)	(13,647)	(164,891)	(2,922)
Loss for the year	(34,613)	(34,600)	–	–	(34,600)	–	(13)
Other comprehensive income							
Net fair value loss on equity instruments at fair value through other comprehensive income	(173)	(173)	–	–	–	(173)	–
Foreign currency translation	(166)	(236)	–	–	–	(236)	70
Remeasurement of defined benefit plan, net of tax	76	76	–	–	76	–	–
	(263)	(333)	–	–	76	(409)	70
Total comprehensive income for the year	(34,876)	(34,933)	–	–	(34,524)	(409)	57
Changes in ownership interests in subsidiaries							
Acquisition of non-controlling interests (Note 13)	–	(2,826)	–	–	–	(2,826)	2,826
Closing balance at 30 June 2019	14,791	14,830	231,676	(549)	(48,171)	(168,126)	(39)

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

Statements of Changes in Equity

For the financial year ended 30 June 2020

	Equity, total	Share capital	Treasury shares	Accumulated loses	Other reserves
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Company					
Opening balance at 1 July 2019	138,877	231,676	(549)	(44,359)	(47,891)
Loss for the year	(29,481)	–	–	(29,481)	–
Other comprehensive income					
Foreign currency translation	(465)	–	–	–	(465)
Total comprehensive income for the year	(29,946)	–	–	(29,481)	(465)
Closing balance at 30 June 2020	108,931	231,676	(549)	(73,840)	(48,356)
Opening balance at 1 July 2018	148,641	231,676	(549)	(39,202)	(43,284)
Loss for the year	(5,157)	–	–	(5,157)	–
Other comprehensive income					
Foreign currency translation	(4,607)	–	–	–	(4,607)
Total comprehensive income for the year	(9,764)	–	–	(5,157)	(4,607)
Closing balance at 30 June 2019	138,877	231,676	(549)	(44,359)	(47,891)

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

	Note	2020 SGD'000	2019 SGD'000
Operating activities			
Loss before tax		(83,513)	(30,317)
Adjustments for:			
Depreciation of property, plant and equipment	11	21,102	24,335
Reversal of impairment of property, plant and equipment	11	(263)	(3,106)
Property, plant and equipment written off	11	2,438	5,255
Impairment of property, plant and equipment	11	11,216	12,110
Loss on disposal of property, plant and equipment, net	6/8	105	97
Amortisation of land use right	12	131	129
Impairment of land use right	12	1,425	–
Amortisation of intangible assets	18	179	234
Impairment of intangible assets	18	255	–
Depreciation of right-of-use assets	26	57,036	–
Impairment of right-of-use assets	26	40,840	–
Allowance for expected credit loss on trade and other receivables, net	17	1,018	940
Amortisation of deferred lease expense	17	–	1,081
Allowance for inventory obsolescence	20	671	31
Allowance for inventory shrinkage	20	366	444
Amortisation of deferred lease income	22	–	(104)
Net benefit expense from defined benefit plan	22	191	190
Unrealised exchange gain		(364)	(333)
Provision for onerous contract, net	24	(2,002)	5,037
Provision for restoration costs	24	–	193
Income from expired gift vouchers	6	(802)	(504)
Dividend income from investment securities	6	–	(35)
Income from subleasing right-of-use assets	6	(10,526)	–
Income from rent concession on lease liabilities		(8,588)	–
Finance costs	5	30,043	1,261
Finance income	5	(4,234)	(3,551)
Operating cash flows before changes in working capital		56,724	13,387
Changes in working capital:			
Decrease in:			
Inventories		10,934	2,756
Trade and other receivables		10,380	6,188
Prepayments		871	1,144
(Decrease)/increase in:			
Trade and other payables		(58,145)	(6,138)
Other liabilities and provisions		(2,324)	4,744
Cash flows generated from operations		18,440	22,081
Interest received		907	3,286
Interest paid		(552)	(340)
Income taxes paid		(2,078)	(3,451)
Net cash flows generated from operating activities		16,717	21,576

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

	Note	2020	2019
		SGD'000	SGD'000
Investing activities			
Proceeds from disposal of property, plant and equipment		124	237
Purchase of property, plant and equipment	B	(9,758)	(17,391)
Payment of restoration costs		(375)	(1,559)
Additions to intangible assets	18	(39)	(36)
Proceeds from net investments in sublease		2,073	–
Dividend income from investment securities	6	–	35
Net cash flows used in investing activities		(7,975)	(18,714)
Financing activities			
Interest paid		(23,518)	–
Proceeds from bank borrowings	25	5,757	6,833
Repayment of obligations under finance leases	25	–	(458)
Repayment of bank borrowings	25	(6,258)	(6,040)
Loans from ultimate holding company	25	1,633	11,743
Repayment to ultimate holding company		(606)	–
Loan from a third party		1,309	–
Payment of principal portion of lease liabilities		(34,477)	–
Increase in pledged deposits		(733)	(961)
Net cash flows (used in)/ generated from financing activities		(56,893)	11,117
Net (decrease)/ increase in cash and cash equivalents		(48,151)	13,979
Effect of exchange rate changes on cash and cash equivalents		407	(1,055)
Cash and cash equivalents at 1 July		52,953	40,029
Cash and cash equivalents at 30 June	A	5,209	52,953

A. Cash and cash equivalents at 30 June

	Note	2020	2019
		SGD'000	SGD'000
Cash and cash equivalents comprise the following:			
Cash and short-term deposits	21	10,169	54,748
Less: pledged deposit	21	(2,361)	(1,637)
Less: bank overdraft	25	(2,599)	(158)
		5,209	52,953

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

Consolidated Statement of Cash Flows

For the financial year ended 30 June 2020

B. Property, plant and equipment

	Note	2020 SGD'000	2019 SGD'000
Current year additions to property, plant and equipment	11	13,548	17,971
Add: Cash portion of additions to right-of-use assets under finance lease	26(a)	862	–
Less: Payable to creditors	22	(843)	(986)
Less: Provision for restoration costs	24	(1,327)	(1,857)
Less: Accrued expenses	23	(5,667)	(2,199)
Less: Finance lease arrangement	25	–	(143)
		6,573	12,786
Add: Payments for prior year purchase		3,185	4,696
Exchange differences		–	(91)
Net cash outflow for purchase of property, plant and equipment		9,758	17,391

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

1. Corporate information

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

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

- Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia;
- 35 Bis - 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam; and
- Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten, Indonesia.

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

The principal activity of the Company is investment holding. The principal activities of the subsidiaries are disclosed in Note 13 to the financial statements.

2. Summary of significant accounting policies

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

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

Fundamental accounting concept

The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a net loss of SGD84,995,000 (2019: SGD34,613,000) for the year ended 30 June 2020. As at that date, the Group and Company's current liabilities exceeded their current assets by SGD117,365,000 (2019: SGD61,336,000) and SGD7,241,000 (2019: SGD1,367,000) respectively, and the Group's total liabilities exceeded its total assets by SGD65,960,000. The Group's operations were significantly impacted by movement restrictions and store closure caused by COVID-19 pandemic in its key markets. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors are of the view that it is appropriate to prepare the Group's financial statements on a going concern on the following bases:

(a) the Group will be able to generate sufficient cash flows from its operations to pay its liabilities as and when they fall due. Management has assumed that there will not be any further significant lockdown or movement control orders in the countries where the Group operates which will cause major disruption to business operations and that recovery of business will be in line with trajectory observed since July 2020. In particular there are no significant changes in the economic environment and consumer sentiments from that observed subsequent to year end and to-date, which would result in significant changes in the revenue and gross margins forecasted by management;

2. Summary of significant accounting policies (cont'd)

2.1 ***Basis of preparation (cont'd)***

Fundamental accounting concept (cont'd)

(b) management intends to manage cashflow of the subsidiaries on overall Group basis, where necessary;
(c) there are no changes in the credit terms granted by suppliers and the Group intends to adhere to the average trade payables turnover days consistent with prior years;
(d) on 27 July 2020, the Group announced it has entered into a conditional Asset Transfer Agreement for the disposal of a property in Vietnam for a consideration of USD10 million, inclusive of value added tax. The Group expects the conditions stipulated in the Asset Transfer Agreement to be fulfilled and the disposal of the property to be completed and the net proceeds on disposal of approximately SGD13,236,000 to be received in the financial year ending 30 June 2021;
(e) the Group has unutilised banking facilities of approximately SGD6,748,000 as of 30 June 2020 that is available for use; and
(f) subsequent to the year end, the Group received additional advances of SGD4,428,000 from the ultimate holding company, Parkson Holdings Berhad. These advances are unsecured, interest bearing at 3% to 7% per annum and the payment of the first quarter installment will be in 2024. The parties intend to execute a supplemental loan agreement in the financial year ending 30 June 2021 for an additional amount of RM30 million. This is subject to shareholders' approval.

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

If the Group is unable to continue in operational existence for the foreseeable future, the Group may be unable to discharge its liabilities in the normal course of business and adjustments may have to be made to reflect the situation that assets may need to be realised other than in the normal course of business and at amounts which may differ significantly from the amounts at which they are currently recorded in the balance sheets. In addition, the Group may have to reclassify non-current assets and liabilities as current assets and liabilities. No such adjustments have been made to these financial statements.

2.2 ***Adoption of new and amended standards and interpretations***

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 July 2019. Except for the adoption of SFRS(I) 16 *Leases* described below, the adoption of these standards did not have any material effect on the financial performance or position of the Group.

SFRS(I) 16 *Leases*

SFRS(I) 16 supersedes SFRS(I) 1-17 *Leases*, SFRS(I) INT 4 *Determining whether an Arrangement contains a Lease*, SFRS(I) INT 1-15 *Operating Leases – Incentives* and SFRS(I) INT 1-27 *Evaluating the Substance of Transactions involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

2. Summary of significant accounting policies (cont'd)

2.2 *Adoption of new and amended standards and interpretations (cont'd)*

Lessor accounting under SFRS(I) 16 is substantially unchanged from SFRS(I) 1-17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in SFRS(I) 1-17. Therefore, SFRS(I) 16 does not have an impact for leases where the Group is the lessor.

The Group adopted SFRS(I) 16 using the modified retrospective method of adoption, with the date of initial application of 1 July 2019. Accordingly, the comparative information presented for 2019 is not restated. The Group elected to use the transition practical expedient to not reassess whether a contract is, or contains a lease at 1 July 2019. Instead, the Group applied the standard only to contracts that were previously identified as leases applying SFRS(I) 1-17 and SFRS(I) INT 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

The effect of adopting SFRS(I) 16 is, as follows:

	Increase/ (decrease) SGD'000
Property, plant and equipment	(941)
Right-of-use assets	353,552
Prepayments	(1,036)
Trade and other receivables	4,151
Lease liabilities	376,303
Other liabilities	(20,188)
Provisions	(4,517)
Loans and borrowings	(367)
Accumulated losses	(4,495)

Upon adoption of SFRS(I) 16, the Group applied a single recognition and measurement approach for all leases except for short-term leases and leases of low-value assets. The accounting policy beginning on and after 1 July 2019 is disclosed in Note 2.19. The standard provides specific transition requirements and practical expedients, which have been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance lease. The requirements of SFRS(I) 16 were applied to these leases from 1 July 2019.

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

2. Summary of significant accounting policies (cont'd)

2.2 *Adoption of new and amended standards and interpretations (cont'd)*

SFRS(I) 16 *Leases (cont'd)*

The Group reassessed sublease arrangements at 1 July 2019 that were previously classified as operating leases applying SFRS(I) 17 based on the remaining contractual terms and conditions of the head lease and sublease at 1 July 2019 and determined that some of these arrangements are finance leases applying SFRS(I) 16. Accordingly, the Group recognised a gain of SGD4,495,000 in accumulated losses at 1 July 2019 arising from the recognition of net investments in sublease and derecognition of the corresponding right-of-use assets of the head lease.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- relied on its assessment of whether leases are onerous immediately before the date of initial application as an alternative to performing an impairment review;
- applied the short-term leases exemption to leases with lease term that ends within 12 months of the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

The lease liabilities as at 1 July 2019 can be reconciled to the operating lease commitments as of 30 June 2019, as follows:

	SGD'000
Operating lease commitments as at 30 June 2019	488,427
Add: Lease payments relating to renewal periods not included in operating lease commitments as at 30 June 2019	112,761
Less:	
Commitments relating to leases which have not commenced as at 1 July 2019	(14,611)
Commitments relating to short-term leases	(41,797)
	544,780
Weighted average incremental borrowing rate as at 1 July 2019	7.2%
Discounted operating lease commitments as at 1 July 2019	375,936
Add: finance leases at 30 June 2019	367
Lease liabilities at 1 July 2019	376,303

2. Summary of significant accounting policies (cont'd)

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 3 *Definition of a Business.*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to SFRS(I) 1-1 and SFRS(I) 1-8 *Definition of Material*	1 January 2020
Amendments to SFRS(I) 3 *Definition of a Business.*	1 January 2020
Amendments to SFRS(I) 9, SFRS(I) 1-39 and SFRS(I) 7 *Interest Rate Benchmark Reform*	1 January 2020
Amendments to References to the Conceptual Framework in SFRS(I) Standards	1 January 2020
Amendment to SFRS(I) 16: *Covid-19-Related Rent Concessions*	1 June 2020
SFRS(I) 17 *Insurance contracts*	1 January 2021
Amendments to SFRS(I) 3: *Reference to the Conceptual Framework*	1 January 2022
Amendments to SFRS(I) 1-16: *Property, Plant and Equipment—Proceeds before Intended Use*	1 January 2022
Amendments to SFRS(I) 1-37: *Onerous Contracts—Cost of Fulfilling a Contract*	1 January 2022
Annual Improvements to SFRS(I)s 2018-2020	1 January 2022
Amendments to SFRS(I) 1-1: *Classification of Liabilities as Current or Non-current*	1 January 2023
Amendments to SFRS(I) 10 and SFRS(I) 1-28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Date to be determined

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

2. Summary of significant accounting policies (cont'd)

2.4 ***Basis of consolidation and business combinations (cont'd)***

(a) *Basis of consolidation (cont'd)*

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

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

(b) *Business combinations and goodwill*

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

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

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

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

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

2. Summary of significant accounting policies (cont'd)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations and goodwill (cont'd)*

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

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

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

Business combinations involving entities under common control are accounted for by applying the pooling of interest method which involves the following:

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

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

2. Summary of significant accounting policies (cont'd)

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company.

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

2.6 *Functional and foreign currency*

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

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as 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 was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into SGD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the exchange rates prevailing at the date of the transactions. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

2.7 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment other than land are measured at cost less accumulated depreciation and any accumulated impairment losses.

2. Summary of significant accounting policies (cont'd)

2.7 *Property, plant and equipment (cont'd)*

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

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

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

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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

2.8 *Intangible assets*

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.8 ***Intangible assets (cont'd)***

(i) Club memberships

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

(ii) Customer relationships

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

(iii) Software

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

(iv) Licensing fee

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

2.9 ***Land use right***

Land use right is initially measured at cost. Following initial recognition, land use right is measured at cost less accumulated amortisation and accumulated impairment. The land use right is amortised on a straight-line basis over the lease term of 66 years and 10 months.

2.10 ***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 an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and 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 cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.11 *Subsidiaries*

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

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.12 *Associate*

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

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

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

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

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

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

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

2. Summary of significant accounting policies (cont'd)

2.13 ***Financial instruments***

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when, the entity becomes a party to the contractual provisions of the instruments.

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

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

Subsequent measurement

(i) Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit or loss ("FVPL"). The Group only has debt instruments at amortised cost.

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are de-recognised or impaired, and through the amortisation process.

(ii) Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in OCI, changes in fair value are recognised in profit or loss.

2. Summary of significant accounting policies (cont'd)

2.13 ***Financial instruments (cont'd)***

(a) *Financial assets (cont'd)*

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition 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 other comprehensive income is recognised in profit or loss.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. On de-recognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

2.14 ***Impairment of financial assets***

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

2. Summary of significant accounting policies (cont'd)

2.14 *Impairment of financial assets (cont'd)*

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

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

2.15 *Cash and cash equivalents*

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

2.16 *Inventories*

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

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

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

2.17 *Provisions*

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

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2. Summary of significant accounting policies (cont'd)

2.18 *Employee benefits*

(a) *Defined contribution plans*

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Company's subsidiaries in Malaysia make contributions to the Employees Provident Fund. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) *Defined benefit plan*

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

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

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

2.19 *Leases*

These accounting policies are applied on and after the initial application date of SFRS(I) 16, 1 July 2019:

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

(a) *As lessee*

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

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and 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 lease term and the estimated useful lives of the assets, as follows:

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

2. Summary of significant accounting policies (cont'd)

2.19 ***Leases (cont'd)***

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

Right-of-use assets (cont'd)

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

The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.10.

Lease liabilities

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

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

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

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

2. Summary of significant accounting policies (cont'd)

2.19 ***Leases (cont'd)***

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

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

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

These accounting policies are applied before the initial application date of SFRS(I) 16, 1 July 2019.

(a) *As lessee*

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

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

Operating lease payments are recognised as rental expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

2. Summary of significant accounting policies (cont'd)

2.20 ***Revenue***

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

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

(a) *Sale of goods*

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

Customer loyalty award

The Group operates Parkson Card loyalty programme, which allows customers to accumulate points when they purchase products in the Group's stores. The points can be redeemed for free or discounted goods from the Group's stores, subject to a minimum number of points being obtained.

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

The consideration allocated to the points issued is measured at the fair value of the points. It is recognised as contract liabilities on the balance sheet and recognised as revenue when the points are redeemed, have expired or are no longer expected to be redeemed. The amount of revenue recognised is based on the number of points that have been redeemed, relative to the total number expected to be redeemed.

(b) *Commissions from concessionaire sales*

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

(c) *Consultancy and management service fees*

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

(d) *Rental income*

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

2. Summary of significant accounting policies (cont'd)

2.20 ***Revenue (cont'd)***

(e) *Interest income*

Interest income is recognised using the effective interest method.

(f) *Promotion income*

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

(g) *Revenue from food and beverage operations*

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

2.21 ***Taxes***

(a) *Current income tax*

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. 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 at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

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

- In respect of taxable temporary differences associated with investments in subsidiaries and associates, where 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.

2. Summary of significant accounting policies (cont'd)

2.21 ***Taxes (cont'd)***

(b) *Deferred tax (cont'd)*

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, 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:

– Where 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 and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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 the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit 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 end of each reporting period.

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 other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

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

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

- Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables on the balance sheets.

2. Summary of significant accounting policies (cont'd)

2.22 *Share capital and share issue expenses*

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

2.23 *Treasury shares*

The Group's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively.

2.24 *Contingencies*

A contingent liability is:

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

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

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

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

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

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

2.25 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups classified as held for sale are measure at the lower of their carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. A component of the Group is classified a 'discontinued operation' when the criteria to be classified as held for sale have been met or it has been disposed of and such a component represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations.

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

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires 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 end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 *Judgements made in applying accounting policies*

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

(a) *Income taxes*

The Group has exposure to income taxes in various jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's tax recoverable as at 30 June 2020 was SGD1,829,000 (2019: SGD1,281,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2020 were SGD3,176,000 (2019: SGD3,146,000) and SGD 437,000 (2019: SGD439,000) respectively.

(b) *Determination of lease terms of contracts with extension options*

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

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

3. Significant accounting estimates and judgements (cont'd)

3.2 ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) *Impairment of non-financial assets*

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

The Group recognises impairment loss when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Fair value less costs of disposal is based on available data from sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. In value in use calculations, the Group estimates the expected future cash flows from the cash-generating unit and chooses a suitable pre-tax discount rate to calculate the present value of the cash flow projections.

The carrying amount of the Group's property, plant and equipment, land use right and right-of-use assets at the end of the reporting period are disclosed in Note 11, 12 and 26 respectively.

(b) *Allowance for inventories obsolescence*

Allowance for inventories obsolescence is estimated based on the best available facts and circumstances at the end of each reporting period, including but not limited to, the physical conditions of the inventories, their expected market selling prices, and estimated costs to be incurred for their sales. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories and provision for obsolescence recognised at the end of the reporting period are disclosed in Note 20.

3. Significant accounting estimates and judgements (cont'd)

3.2 ***Key sources of estimation uncertainty (cont'd)***

(c) *Impairment of investment in subsidiaries*

The Company determines whether there are indicators that its investment in subsidiaries is impaired. The recoverable amount is determined by an estimation of the value in use of the subsidiaries. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from these subsidiaries, 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 beyond the five-year period. The carrying amount of the Company's investment in subsidiaries recognised at the end of the reporting period is disclosed in Note 13.

4. Revenue

	Group	
	2020	**2019**
	SGD'000	SGD'000
Sale of goods - direct sales	143,211	222,262
Commissions from concessionaire sales	115,202	158,161
Consultancy and management service fees	389	788
Rental income	8,212	13,531
Revenue from food and beverage operations	2,316	3,802
	269,330	398,544

4. Revenue (cont'd)

	Sale of goods - direct sales		Commissions from concessionaire sales		Rental income		Food and beverage		Others		Total	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Revenue	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Primary geographical markets												
Malaysia	130,147	201,697	89,718	116,229	3,947	7,969	2,316	3,802	389	551	226,517	330,248
Vietnam	1,374	4,066	6,780	11,756	3,077	3,768	–	–	–	237	11,231	19,827
Indonesia	11,690	16,157	18,704	29,807	1,188	1,794	–	–	–	–	31,582	47,758
Myanmar	–	342	–	369	–	–	–	–	–	–	–	711
	143,211	222,262	115,202	158,161	8,212	13,531	2,316	3,802	389	788	269,330	398,544
Timing of transfer of goods or services												
At point in time	143,211	222,262	115,202	158,161	–	–	2,316	3,802	389	788	261,118	385,013
Over time	–	–	–	–	8,212	13,531	–	–	–	–	8,212	13,531
	143,211	222,262	115,202	158,161	8,212	13,531	2,316	3,802	389	788	269,330	398,544

5. Finance income/costs

	Group	
	2020	**2019**
	SGD'000	SGD'000
Finance income		
Interest income on net investments in sublease	1,849	–
Interest income on short-term deposits	907	972
Discount adjustment on rental deposit receivables	1,478	2,579
	4,234	3,551

	Group	
	2020	**2019**
	SGD'000	SGD'000
Finance costs		
Interest expense on lease liabilities	28,841	–
Interest expense on loans and borrowings	552	800
Discount adjustment on:		
- Rental deposit payables	121	154
- Provision for restoration costs (Note 24)	529	307
	30,043	1,261

6. Other income

	Group	
	2020	**2019**
	SGD'000	SGD'000
Cash discount from suppliers	799	1,356
Promotion income	468	679
Income recognised from gift vouchers expired	802	504
Gain on disposal of property, plant and equipment	14	–
Dividend income from investment securities	–	35
Exchange gain, net	137	99
Recoverable expense from sub-tenant	210	249
Portal usage/B2B income	288	347
Income from subleasing right-of-use assets (Note A)	10,526	–
Other sundry income	3,544	1,895
	16,788	5,164

Note A

The Group acts as an intermediate lessor for certain parts of its leased premises. Income from subleasing right-of-use assets represents the excess of lease receivables from sublease classified as finance lease over lease liabilities under the head lease.

7. Employee related expense

	Group	
	2020	**2019**
	SGD'000	SGD'000
Wages, salaries and bonuses	41,770	48,653
Contribution to defined contribution plans	4,070	4,670
Net benefit expense from defined benefit plan (Note 22)	191	190
Other staff related expenses	7,517	9,564
	53,548	63,077

Included in employee related expense of the Group are remuneration of directors, chief executive officer and key management personnel as further disclosed in Note 29(c).

8. Loss before tax

Other than items in Notes 4 to 7, the following items have been included in arriving at loss before tax:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Audit fees:		
- Auditors of the Company	192	185
- Other auditors	315	325
Non-audit fees:		
- Auditors of the Company	7	7
- Other auditors	8	7
Total audit and non-audit fees	522	524
Depreciation and amortisation expenses		
- Depreciation of property, plant and equipment (Note 11)	21,102	24,335
- Depreciation of right-of-use assets (Note 26)	57,036	–
- Amortisation of land use right (Note 12)	131	129
- Amortisation of intangible assets (Note 18)	179	234
	78,448	24,698
Operating lease expenses:		
- Minimum lease payments	13,671	101,255
- Variable lease payments	1,492	2,528
- Land tax expense	1,401	2,958
- Amortisation of deferred lease expense (Note 17)	–	1,081
Less: Rent concession	(8,588)	–
	7,976	107,822
Allowance/(write back of allowance) for expected credit loss on trade and other receivables, net (Note 17):		
- Amount due from managed stores	–	(134)
- Others	1,018	1,074
	1,018	940

8. Loss before tax (cont'd)

	Group	
	2020	**2019**
	SGD'000	SGD'000
Directors' fees	255	315
Property, plant and equipment written off (Note 11)	2,438	5,255
Loss on disposal of property, plant and equipment	105	97
Impairment of property, plant and equipment (Note 11)	11,216	12,110
Reversal of impairment of property, plant and equipment for closed stores (Note 11)	(263)	(3,106)
Impairment of right-of-use assets (Note 26)	40,840	–
Impairment of land use right (Note 12)	1,425	–
Impairment of intangible assets (Note 18)	255	–
Allowance for inventory shrinkage (Note 20)	366	444
Allowance for inventory obsolescence (Note 20)	671	31
Provision for onerous contract, net (Note 24)	(2,002)	5,037
Utilities	10,566	13,474

9. Income tax expense

(a) *Major components of income tax expense*

The major components of income tax expense for the years ended 30 June 2020 and 2019 are as follows:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Consolidated income statement:		
Current income tax		
- Current year	1,985	5,105
- Over provision in respect of previous years	(476)	(191)
	1,509	4,914
Deferred income tax (Note 15)		
- Origination and reversal of temporary differences	(1,564)	(991)
- Under/ (over) provision in respect of previous years	1,517	(998)
- Reversal of deferred tax in respect of previous years' tax losses and other temporary differences	–	1,371
	(47)	(618)
Withholding tax	20	–
Income tax expense recognised in profit or loss	1,482	4,296

9. Income tax expense (cont'd)

(a) ***Major components of income tax expense (cont'd)***

In the previous financial year, the Group performed an assessment of the amount of sufficient taxable profit that would be available in future years, against which the deferred tax assets can be utilised. As a result of the assessment, the Group reversed deferred tax assets of SGD1,371,000 that were previously recognised relating to a subsidiary which had incurred losses.

(b) ***Relationship between income tax expense and loss before tax***

Reconciliation between income tax expense and the product of loss before tax multiplied by the applicable corporate tax rates for the years ended 30 June 2020 and 2019 is as follows:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Loss before tax	(83,513)	(30,317)
Tax at the domestic tax rates applicable to loss in the countries where the Group operates	(18,288)	(7,203)
Adjustments:		
Non-deductible expenses	10,141	6,269
Income not subject to taxation	(2,688)	(1,114)
Deferred tax assets not recognised	11,256	6,162
(Over)/ under provision in respect of previous years:		
- Current tax	(476)	(191)
- Deferred tax	1,517	(998)
Withholding tax	20	–
Reversal of deferred tax in respect of previous years' tax losses and other temporary differences	–	1,371
Income tax expense recognised in profit or loss	1,482	4,296

9. Income tax expense (cont'd)

(b) ***Relationship between income tax expense and loss before tax (cont'd)***

The above reconciliation is prepared by aggregating separate reconciliations for each national jurisdiction. A summary of domestic tax rates by country where the Group mainly operates is as follows:

	2020	2019
	%	%
Malaysia	24	24
Vietnam	20	20
Indonesia	25	25
Singapore	17	17

10. Loss per share

Basic earnings per share is calculated by dividing the loss for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the data used in the computation of basic earnings per share for the years ended 30 June:

	Group	
	2020	**2019**
Loss for the year attributable to owners of the Company (SGD'000)	(84,928)	(34,600)
Weighted average number of ordinary shares for basic earnings per share computation ('000)	673,800	673,800

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial years ended 30 June 2020 and 2019 are the same.

11. Property, plant and equipment

	Renovation	Land	Buildings	Furniture and equipment	Motor vehicles	Construction work-in-progress	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
2020							
Group							
Cost							
At 1 July 2019	138,348	3,204	28,672	89,018	1,196	3,974	264,412
Effect of adopting SFRS(I) 16	–	–	–	(1,189)	(181)	–	(1,370)
Additions	6,609	–	168	3,252	–	3,519	13,548
Disposals	(297)	–	–	(1,476)	(37)	–	(1,810)
Reclassification	35	–	–	207	–	(242)	–
Written off	(10,148)	–	–	(4,128)	–	–	(14,276)
Reversal of provision for restoration cost	(778)	–	–	–	–	–	(778)
Reclassified as asset held for sale (Note A)	–	–	(16,967)	–	–	–	(16,967)
Exchange differences	108	34	678	(80)	5	141	886
At 30 June 2020	133,877	3,238	12,551	85,604	983	7,392	243,645
Accumulated depreciation and impairment loss							
At 1 July 2019	93,157	–	7,945	64,085	813	3,274	169,274
Effect of adopting SFRS(I) 16	–	–	–	(396)	(33)	–	(429)
Depreciation for the year	11,400	–	1,087	8,523	92	–	21,102
Impairment loss	6,330	–	1,786	3,089	11	–	11,216
Reversal of impairment for closed stores	–	–	–	(263)	–	–	(263)
Disposals	(369)	–	–	(1,175)	(37)	–	(1,581)
Written off	(8,795)	–	–	(3,043)	–	–	(11,838)
Reclassified as asset held for sale (Note A)	–	–	(9,605)	–	–	–	(9,605)
Exchange differences	407	–	249	11	1	127	795
At 30 June 2020	102,130	–	1,462	70,831	847	3,401	178,671
Net carrying amount	31,747	3,238	11,089	14,773	136	3,991	64,974

Additions to renovation during the year include provision for restoration costs of SGD1,327,000 (2019: SGD1,857,000).

11. Property, plant and equipment (cont'd)

	Renovation	Land	Buildings	Furniture and equipment	Motor vehicles	Construction work-in-progress	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
2019							
Group							
Cost							
At 1 July 2018	148,230	3,194	29,001	98,335	1,206	4,163	284,129
Additions	11,713	–	5	5,555	164	534	17,971
Disposals	(2,322)	–	–	(2,468)	(153)	–	(4,943)
Reclassification	1,853	–	–	(1,184)	–	(669)	–
Written off	(15,622)	–	–	(8,328)	–	(469)	(24,419)
Reversal of provision for restoration cost	(2,097)	–	–	–	–	–	(2,097)
Exchange differences	(3,407)	10	(334)	(2,892)	(21)	415	(6,229)
At 30 June 2019	138,348	3,204	28,672	89,018	1,196	3,974	264,412
Accumulated depreciation and impairment loss							
At 1 July 2018	90,533	–	7,019	61,836	831	3,299	163,518
Depreciation for the year	13,291	–	1,067	9,851	126	–	24,335
Impairment loss	8,623	–	–	3,487	–	–	12,110
Reversal of impairment for closed stores	(2,345)	–	–	(292)	–	(469)	(3,106)
Disposals	(2,273)	–	–	(2,198)	(138)	–	(4,609)
Reclassification	(4)	–	–	4	–	–	–
Written off	(12,109)	–	–	(7,055)	–	–	(19,164)
Reversal of provision for restoration cost	(1,090)	–	–	–	–	–	(1,090)
Exchange differences	(1,469)	–	(141)	(1,548)	(6)	444	(2,720)
At 30 June 2019	93,157	–	7,945	64,085	813	3,274	169,274
Net carrying amount	45,191	3,204	20,727	24,933	383	700	95,318

11. Property, plant and equipment (cont'd)

Note A: Asset classified as held for sale

During the year, the Group has identified and commenced negotiations with a potential purchaser for the sale of the plot of land use right and building in Haiphong City, Vietnam. On 27 July 2020, the Group announced that it had entered into a conditional Asset Transfer Agreement with the purchaser pursuant to which the Group has agreed to sell the said plot of land use right and building for a cash consideration of USD10 million inclusive of value added tax. Consequently, the land use right and building has been classified as an asset held for sale as at 30 June 2020.

The net carrying amount of the building and land use right as at 30 June 2020 was:

	2020
	SGD'000
Building	7,362
Land use right (Note 12)	5,875
Total	13,237

Land

The Group owns 2 pieces of land with a total area of 2,981 square metres located in Tangerang Selatan, Banten, Indonesia with Building Use Rights (Hak Guna Bangunan or HGB). In 2018, the HGB expiring on 18 December 2020 has been renewed and extended to 18 December 2040. The other HGB will expire on 20 October 2028. Management believes they will be able to extend the land rights upon application given that such extension is legally permissible, and that the Group has been paying all applicable rents and taxes as and when they fall due.

Construction work-in-progress

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

Assets held under finance leases

In 2019, the Group acquired motor vehicles with an aggregate cost of SGD164,000 by means of finance leases. The cash outflow on acquisition of these assets amounted to SGD21,000.

The carrying amount of property, plant and equipment held under finance leases in 2019 were as follows:

	2019
	SGD'000
Furniture and fittings	793
Motor vehicles	148
	941

Leased assets are pledged as security for the related finance lease liabilities.

11. Property, plant and equipment (cont'd)

Impairment of assets

During the financial year, the Group undertook an assessment on the recoverable amounts of certain underperforming stores. As a result of the assessment, the Group recorded impairment charges of SGD11,216,000 (2019: SGD12,110,000) in respect of property, plant and equipment of its underperforming stores.

The Group reversed impairment charge of SGD263,000 (2019: SGD3,106,000) in respect of property, plant and equipment of closed stores in Malaysia which were written off during the year.

12. Land use right

	Group	
	2020	**2019**
	SGD'000	SGD'000
Cost		
At 1 July	8,547	8,739
Reclassified as asset held for sale (Note 11)	(8,832)	–
Exchange differences	285	(192)
At 30 June	–	8,547
Accumulated amortisation and impairment loss		
At 1 July	1,343	1,242
Amortisation for the year	131	129
Impairment loss	1,425	–
Reclassified as asset held for sale (Note 11)	(2,957)	–
Exchange differences	58	(28)
At 30 June	–	1,343
Net carrying amount	–	7,204
Amount to be amortised:		
- Not later than one year	–	129
- Later than one year but not later than five years	–	517
- Later than five years	–	6,558
	–	7,204

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 55 years and 6 months (2019: 56 years and 6 months).

As disclosed in Note 11, the Group has identified and commenced negotiations with a potential purchaser for the sale of the plot of land use right and building in Haiphong City, Vietnam. Consequently, land use right has been classified as an asset held for sale as at 30 June 2020.

13. Investments in subsidiaries

	Company 2020 SGD'000	Company 2019 SGD'000
Shares, at cost	210,477	210,477
Impairment losses	(53,171)	(38,815)
Exchange difference	(31,736)	(31,109)
	125,570	140,553

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2020 %	Proportion of ownership interest 2019 %
Held by the Company				
Parkson Corporation Sdn Bhd[(b) (2)]	Operation of department stores	Malaysia	100	100
Centro Retail Pte Ltd[(a)]	Investment holding	Singapore	100	100
PT. Tozy Sentosa[(b)]	Operation of department stores, and merchandising	Indonesia	100[(*)]	100[(*)]
Parkson Myanmar Co Pte Ltd[(a)]	Investment holding	Singapore	100	100
Parkson Yangon Co Ltd[(c)]	Dormant	Myanmar	100[(**)]	100[(**)]
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[(b)]	Retailing and operation of shopping centres	Vietnam	100	100
Parkson Haiphong Co Ltd[(b)]	Retailing and operation of shopping centres	Vietnam	100	100
Kiara Innovasi Sdn Bhd[(b)]	Dormant	Malaysia	100	100
Parkson Online Sdn Bhd[(c) (d)]	Dormant	Malaysia	–	100
Parkson Cambodia Holdings Co Ltd[(b)]	Investment holding	British Virgin Islands	100	100
Parkson SGN Co Ltd[(b)]	Dormant	Vietnam	100	100

13. Investments in subsidiaries (cont'd)

Name of company	Principal activities	Principal place of business	Proportion of ownership interest 2020 %	2019 %
Held by Parkson Corporation Sdn Bhd (cont'd)				
Parkson Edutainment World Sdn Bhd[(b) (1)]	Dormant	Malaysia	100	100
Parkson Lifestyle Sdn Bhd[(b)]	Trading of apparels and consumer products	Malaysia	100	100
Parkson Unlimited Beauty Sdn Bhd[(b)]	Distribution and sales of fragrance and beauty care products	Malaysia	100	100
Parkson Private Label Sdn Bhd[(b)]	Trading of apparels and consumer products	Malaysia	100	100
Solid Gatelink Sdn Bhd[(b)]	Operation of food and beverage business	Malaysia	100	100
Parkson Trends Sdn Bhd[(b)]	Trading of apparels and consumer products	Malaysia	100	100
Parkson Trading (Vietnam) Co Ltd[(b)]	Wholesaler of apparels and consumer products	Vietnam	100	100
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd[(b)]	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Vietnam	100	100
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd[(c)]	Dormant	Cambodia	100	100
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd[(a)]	Investment holding	Singapore	70	70

13. Investments in subsidiaries (cont'd)

Name of company	Principal activities	Principal place of business	Proportion of ownership interest	
			2020	2019
			%	%
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd[(a)]	Investment holding	Singapore	100	100
Myanmar Parkson Company Limited[(c)]	Dormant	Myanmar	100[(***)]	100[(***)]

[(a)] Audited by Ernst & Young LLP, Singapore

[(b)] Audited by member firms of Ernst & Young Global in their respective countries

[(c)] Not material to the Group and the names of audit firms are not required to be disclosed under SGX Listing Rule 717

[(d)] De-registered on 7 October 2019.

[(*)] 0.02% (2019: 0.02%) held via Centro Retail Pte Ltd

[(**)] 5% (2019: 5%) held via Parkson Myanmar Co Pte Ltd

[(***)] 10% (2019: 10%) held via Parkson Myanmar Asia Pte Ltd

Additional investments in subsidiaries in 2019

[(1)] On 30 August 2018, Parkson Corporation Sdn Bhd ("PCSB") completed the acquisition of the remaining 30% equity interest in Parkson Edutainment World Sdn Bhd ("PEW") for a total consideration of RM1. Following the completion of the acquisition, PEW became a wholly-owned indirect subsidiary of the Group.

The following summarises the effect of the change of the Group's ownership interest in PEW on the equity attributable to owners of the Company:

	SGD'000
Consideration paid for acquisition of non-controlling interests	–
Increase in equity attributable to non-controlling interests	2,826
Decrease in equity attributable to owners of the Company	(2,826)

[(2)] On 28 September 2018, the Company subscribed for 32,000,000 new shares in its wholly owned subsidiary, PCSB through capitalisation of the amount due from PCSB of RM32,000,000 (approximately SGD10,574,000). There is no change in the Company's ownership interest in PCSB.

13. Investments in subsidiaries (cont'd)

Impairment

During the financial year, the Company carried out a review on the recoverable amount of its loss-making subsidiaries. An impairment loss of SGD14,356,000 (2019: Nil), representing the full write-down of the investments was recognised in the Company's income statement.

The impairment loss was recognised as the estimated recoverable amount using value in use calculation was negative. The pre-tax discount and long term growth rate used in the cash flow projections were 19.28% and 2% respectively.

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

The Group has no subsidiary that has material NCI as at 30 June 2020.

14. Investment in an associate

	Group	
	2020	**2019**
	SGD'000	SGD'000
Shares, at cost	–	–
Share of post-acquisition reserves	–	–
	–	–

Details of the associate are as follows:

Name of company	Principal activities	Principal place of business	Ownership interest	
			2020	**2019**
			%	%
Held by Parkson Vietnam Co Ltd:				
Parkson Hanoi Co Ltd[a]	Dormant	Vietnam	45	45

[a] Audited by Ernst & Young, Vietnam

14. Investment in an associate (cont'd)

Summarised financial information of the associate

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

	Parkson Hanoi Co Ltd	
	2020	**2019**
	SGD'000	SGD'000
Balance sheet		
Current assets, representing total assets	409	395
Current liabilities, representing total liabilities	(15,819)	(15,303)
Net liabilities, representing deficit in equity	(15,410)	(14,908)
Proportion of the Group's ownership	45%	45%
Group's share of net liabilities	(6,935)	(6,709)
Group's share of net liabilities not recognised	6,935	6,709
Group's carrying amount of the investment	–	–

	Parkson Hanoi Co Ltd	
	2020	**2019**
	SGD'000	SGD'000
Statement of comprehensive income		
Revenue	–	–
Loss after tax, representing total comprehensive income for the year	(3)	(12)
Proportion of the Group's ownership	45%	45%
Group's share of current year's unrecognised loss	(1)	(5)
Group's cumulative share of unrecognised losses	(832)	(831)

The Group's cumulative share of unrecognised losses at the end of the reporting period was SGD832,000 (2019: SGD831,000).

15. Deferred tax assets/(liabilities)

	Deferred tax assets		Deferred tax liabilities			
	Provisions	Deferred tax assets, total	Difference in depreciation for tax purposes	Unremitted foreign earnings	Deferred tax liabilities, total	Deferred tax, total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Group						
At 1 July 2018	7,602	7,602	(4,997)	(453)	(5,450)	2,152
Recognised in profit or loss	(2,673)	(2,673)	3,291	–	3,291	618
Exchange differences	(199)	(199)	122	14	136	(63)
At 30 June 2019	4,730	4,730	(1,584)	(439)	(2,023)	2,707
Recognised in profit or loss	633	633	(586)	–	(586)	47
Exchange differences	(31)	(31)	14	2	16	(15)
At 30 June 2020	5,332	5,332	(2,156)	(437)	(2,593)	2,739

	Unremitted foreign earnings, representing total deferred tax liabilities
	SGD'000
Company	
At 1 July 2018	(453)
Recognised in profit or loss	–
Exchange difference	14
At 30 June 2019	(439)
Recognised in profit or loss	–
Exchange difference	2
At 30 June 2020	(437)

15. Deferred tax assets/(liabilities) (cont'd)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	SGD'000	SGD'000	SGD'000	SGD'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	3,176	3,146	–	–
Deferred tax liabilities	(437)	(439)	(437)	(439)
	2,739	2,707	(437)	(439)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD134,402,000 (2019: SGD88,771,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for an amount of SGD92,763,000 (2019: SGD61,029,000) which will expire in 2021-2025 (2019: 2020-2024).

16. Prepayments

	Group		Company	
	2020	**2019**	**2020**	**2019**
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Prepaid rental	62	502	–	–
Prepayment to suppliers	432	1,103	–	–
Others	773	767	12	13
	1,267	2,372	12	13
Non-current:				
Prepaid rental	–	625	–	–
Others	86	238	–	–
	86	863	–	–

17. Trade and other receivables

	Group		Company	
	2020	2019	2020	2019
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade receivables	1,988	4,158	–	–
Credit card receivables	630	6,290	–	–
Sales tax receivables	2,739	4,131	–	–
Sundry receivable from sale of gift vouchers	67	152	–	–
Other receivables	2,924	3,520	–	–
Advances to suppliers	198	2,155	–	
Rental deposits	1,896	1,104	–	–
Other deposits	1,261	783	–	–
Deferred lease expenses	–	461	–	–
Net investments in sublease	2,714	–	–	–
Amount due from related companies (non-trade)	227	904	–	–
	14,644	23,658	–	–
Non-current:				
Rental deposits	10,123	10,427	–	–
Other deposits	421	614	–	–
Net investments in sublease	22,671	–	–	–
Amount due from subsidiaries (non-trade)	–	–	–	7,499
Deferred lease expenses	–	3,631	–	–
	33,215	14,672	–	7,499
Total trade and other receivables (current and non-current)	47,859	38,330	–	7,499
Add: Cash and short-term deposits (Note 21)	10,169	54,748	115	83
Less:				
Deferred lease expenses	–	(4,092)	–	–
Sales tax receivables	(2,739)	(4,131)	–	–
Advances to suppliers	(198)	(2,155)	–	–
Total financial assets carried at amortised cost	55,091	82,700	115	7,582

Trade receivables

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

17. Trade and other receivables (cont'd)

Trade receivables (cont'd)

Expected credit losses

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

	Trade receivables SGD'000	Other receivables SGD'000	Amount due from managed stores SGD'000	Amount due from an associate SGD'000	Rental deposits SGD'000	Other deposits SGD'000	Total SGD'000
Group							
At 1 July 2018	748	756	4,463	4,836	3,657	10,637	25,097
Charge for the year	518	–	–	–	–	556	1,074
Write-back	–	–	(134)	–	–	–	(134)
Exchange differences	(235)	(1)	(230)	(980)	(27)	(226)	(1,699)
At 30 June 2019	1,031	755	4,099	3,856	3,630	10,967	24,338
At 1 July 2019	1,031	755	4,099	3,856	3,630	10,967	24,338
Charge for the year	786	240	–	–	–	–	1,026
Write-back	(8)	–	–	–	–	–	(8)
Write-off	(45)	–	–	–	–	–	(45)
Exchange differences	(82)	563	239	2,077	111	(223)	2,685
At 30 June 2020	1,682	1,558	4,338	5,933	3,741	10,744	27,996

	Due from an associate SGD'000	Due from subsidiaries SGD'000	Total SGD'000
Company			
At 1 July 2018	84	6,683	6,767
Charge for the year	–	4,221	4,221
Exchange differences	(2)	(18)	(20)
At 30 June 2019	82	10,886	10,968
At 1 July 2019	82	10,886	10,968
Charge for the year	–	15,094	15,094
Exchange differences	(1)	(11)	(12)
At 30 June 2020	81	25,969	26,050

17. Trade and other receivables (cont'd)

Credit card receivables

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

Other receivables

Other receivables are unsecured, non-interest bearing and repayable on demand.

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 18 years (2019: 1 to 19 years). Rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

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

Included in rental deposits is an amount of SGD326,000 (2019: SGD327,000) relating to a department store at M Square which has ceased operations. The Group has served a notice of lease termination to the lessor of M Square and is currently in litigation with the lessor (see Note 36).

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2020	**2019**
	SGD'000	SGD'000
United States Dollar	3,211	2,992

Other deposits (current)

Included in other deposits is an amount of SGD10,287,000 (2019: SGD9,954,000) paid by Parkson Vietnam Co Ltd to the individual owners of two Vietnamese companies as well as to one of these Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies ("managed stores"). These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

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

17. Trade and other receivables (cont'd)

Amount due from managed stores

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

In 2019, the Group reversed impairment loss of SGD 134,000 due to receipt of the outstanding amount.

Deferred lease expenses (current and non-current)

Deferred lease expenses as at 30 June 2019 relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amounts, which are amortised on a straight-line basis over the remaining lease terms ranging from 1 to 14 years. The amortisation of deferred lease expense amounted to SGD1,081,000 for the financial year ended 30 June 2019.

Upon adoption of SFRS(I) 16 on 1 July 2019, deferred lease expenses have been reclassified to right-of-use assets.

Net investments in sublease

Due to the adoption of SFRS(I) 16 on 1 July 2019, the Group recognised net investments in sublease as a result of sublease contracts classified as finance leases.

Amounts due from related companies / subsidiaries

Nominal amounts due from subsidiaries of SGD11,368,000 (2019: SGD5,313,000) are unsecured, bear interest at rates ranging from 5.00% to 8.61% per annum and are repayable from 2021 to 2025. The amounts due from related companies are repayable on demand.

During the financial year, the Company reviewed the recoverable amount of balances due from its loss-making subsidiaries and recognised impairment losses of SGD15,094,000 (2019: SGD4,221,000) in profit or loss for the year.

18. Intangible assets

	Goodwill	Club memberships	Software	Licensing fee	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Group					
Cost					
At 1 July 2018	3,920	85	2,416	950	7,371
Additions	–	–	36	–	36
Exchange differences	11	(2)	(38)	(28)	(57)
At 30 June 2019 and 1 July 2019	3,931	83	2,414	922	7,350
Additions	–	–	39	–	39
Exchange differences	42	(1)	39	(5)	75
At 30 June 2020	3,973	82	2,492	917	7,464
Accumulated amortisation and impairment loss					
At 1 July 2018	3,920	21	1,760	589	6,290
Amortisation for the year	–	–	186	48	234
Exchange differences	11	–	(29)	(17)	(35)
At 30 June 2019 and 1 July 2019	3,931	21	1,917	620	6,489
Amortisation for the year	–	–	131	48	179
Impairment for the year	–	–	–	255	255
Exchange differences	42	–	32	(7)	67
At 30 June 2020	3,973	21	2,080	916	6,990
Net carrying amount					
At 30 June 2019	–	62	497	302	861
At 30 June 2020	–	61	412	1	474

Software has a remaining amortisation period of 1 to 7 years (2019: 1 to 7 years).

Licensing fee relates to payment in respect of the Group's exclusive right to develop and operate bakery stores using the Hogan trademark and technical know-how in Malaysia with an average remaining amortisation period of 5 years (2019: 6 years).

19. Investment securities

	Group	
	2020	**2019**
	SGD'000	SGD'000
Non-current:		
At fair value through other comprehensive income		
Equity securities (unquoted)		
- Lion Insurance Company Limited	183	916

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation. In 2019, the Group recognised a dividend of SGD35,000 from the investee.

20. Inventories

	Group	
	2020	**2019**
	SGD'000	SGD'000
Balance sheet:		
Merchandise inventories	41,153	53,100
Consumables	121	222
	41,274	53,322

	Group	
	2020	**2019**
	SGD'000	SGD'000
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	106,985	169,754
Inclusive of the following charge:		
- Allowance for inventory shrinkage	366	444
- Allowance for inventory obsolescence	671	31

21. Cash and short-term deposits

	Group		Company	
	2020	2019	2020	2019
	SGD'000	SGD'000	SGD'000	SGD'000
Cash and bank balances	7,808	15,888	115	83
Short-term deposits placed with				
- licensed banks	2,361	25,764	–	–
- finance institutions	–	13,096	–	–
Cash and short-term deposits	10,169	54,748	115	83

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short-term deposit rates. The weighted average effective interest rate for the Group as at 30 June 2020 was 2.75% (2019: 3.17%) per annum.

Short-term deposits of SGD2,361,000 (2019: SGD1,637,000) are pledged to a bank for facilities granted to a subsidiary (Note 25).

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

	Group		Company	
	2020	2019	2020	2019
	SGD'000	SGD'000	SGD'000	SGD'000
Singapore Dollar	108	49	108	49
United States Dollar	1,045	202	–	13

22. Trade and other payables

	Group		Company	
	2020	**2019**	**2020**	**2019**
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade payables	80,493	140,116	–	–
Payables to suppliers of property, plant and equipment	843	986	–	–
Other payables	9,453	11,854	325	462
Sales tax payables	169	315	–	–
Rental deposits	582	693	–	–
Deferred lease income	11	22	–	–
Amount due to ultimate holding company (non-trade)	–	96	1,135	67
Amounts due to related companies (non-trade)	6,126	1,518	605	608
Amount due to an associate	8	7	–	–
Amount due to subsidiary	–	–	4,793	59
	97,685	155,607	6,858	1,196
Non-current:				
Rental deposits	2,506	2,252	–	–
Deferred lease income	272	254	–	–
Provision for severance allowance	20	28	–	–
Defined benefit plan	1,076	940	–	–
Renovation incentive	–	383	–	–
Other payables	380	–	–	–
	4,254	3,857	–	–
Total trade and other payables (current and non-current)	101,939	159,464	6,858	1,196
Add:				
Other liabilities (Note 23)	25,050	19,787	510	267
Loans and borrowings (Note 25)	17,483	16,003	8,961	7,369
Lease liabilities (Note 26)	346,958	–	–	–
Less:				
Sales tax payables	(169)	(315)	–	–
Deferred lease income	(283)	(276)	–	–
Defined benefit plan	(1,076)	(940)	–	–
Provision for severance allowance	(20)	(28)	–	–
Renovation incentive	–	(383)	–	–
Total financial liabilities carried at amortised cost	489,882	193,312	16,329	8,832

22. *Trade and other payables (cont'd)*

Trade payables

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

Other payables

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

Other payables denominated in foreign currencies as at 30 June are as follows:

	Group		**Company**	
	2020	**2019**	**2020**	**2019**
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Singapore Dollar	19	9	–	–

Amounts due to ultimate holding company / associate / related companies / subsidiary

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

Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Rental deposits have maturity ranging from 1 to 13 years (2019: 1 to 14 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

Rental deposits denominated in foreign currencies as at 30 June are as follows:

	Group	
	2020	**2019**
	SGD'000	SGD'000
United States Dollar	67	52

Deferred lease income (current and non-current)

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the remaining lease terms ranging from 1 to 13 years (2019: 1 to 14 years). The amortisation of deferred lease income amounted to SGD47,000 (2019: SGD104,000) for the year and has been included as part of rental income.

22. Trade and other payables (cont'd)

Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No.13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2020 are as follows:

Annual discount rate:	8.00% (2019: 8.00%)
Future annual salary increment:	8.00% (2019: 8.00%)
Retirement age:	55 years of age (2019: 55 years of age)

The following table summarises the components of net employee benefits expense recognised in the consolidated income statement:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Current service cost	119	110
Interest cost on benefit obligations	72	69
Expected return on planned assets	–	11
Net benefit expense recognised in profit or loss	191	190

The estimated liabilities for employee benefits are as follows:

	2020	**2019**
	SGD'000	SGD'000
Defined benefit obligations	1,076	940

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

	Group	
	2020	**2019**
	SGD'000	SGD'000
Benefits obligations at 1 July	940	834
Recognised in profit or loss	191	190
Recognised in other comprehensive income	–	(76)
Payment from the plan	(64)	(14)
Exchange difference	9	6
Benefits obligations at 30 June	1,076	940

22. Trade and other payables (cont'd)

Renovation incentive

This refers to cash incentive received from landlord related to renovation costs of certain stores. The amount is amortised to profit or loss on a straight line basis over the same period as the depreciation of the related renovation costs.

23. Other liabilities, contract liabilities

(a) Other liabilities

	Group		Company	
	2020	**2019**	**2020**	**2019**
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Accrued operating expenses	16,995	15,210	–	–
Accrued staff costs	966	457	–	–
Accrued expenses for additions to property, plant and equipment	5,667	2,199	–	–
Accrued interest on loans from ultimate holding company	510	455	510	267
Others	912	1,466	–	–
Total accruals	25,050	19,787	510	267
Accrued rent	–	1,936	–	–
	25,050	21,723	510	267
Non-current:				
Accrued rent	–	19,651	–	–
Total other liabilities (current and non-current)	25,050	41,374	510	267

(b) Contract liabilities

	Group	
	2020	**2019**
	SGD'000	SGD'000
Deferred revenue from:		
Gift cards/vouchers sold	7,111	9,274
Customer loyalty award	2,100	2,668
	9,211	11,942

23. Other liabilities, contract liabilities (cont'd)

Contract liabilities relate to the Group's obligation to transfer goods to customers for which the Group has received advances from customers for the sale of gift cards/vouchers and under the customer loyalty programme. The deferred revenue from customer loyalty award is estimated based on the amount of bonus points outstanding at the reporting date that are expected to be redeemed before expiry. Contract liabilities are recognised as revenue as the Group performs under the contract.

Deferred revenue from gift cards/vouchers sold

	Group	
	2020	**2019**
	SGD'000	SGD'000
At 1 July	9,274	11,730
Arising during the year	14,101	22,732
Recognised as revenue	(16,221)	(24,830)
Exchange differences	(43)	(358)
At 30 June	7,111	9,274

Deferred revenue from customer loyalty award

	Group	
	2020	**2019**
	SGD'000	SGD'000
At 1 July	2,668	2,995
Additions, net	2,929	2,650
Recognised as revenue	(3,509)	(2,874)
Exchange differences	12	(103)
At 30 June	2,100	2,668

24. Provisions

	Group	
	2020	**2019**
	SGD'000	SGD'000
Current:		
Provision for restoration costs	1,447	245
Provision for onerous contract	–	3,045
Others	–	3
	1,447	3,293
Non-current:		
Provision for restoration costs	6,882	7,401
Provision for onerous contract	–	3,474
	6,882	10,875
Total provisions (current and non-current)	8,329	14,168

Provision for restoration costs (current and non-current)

	Group	
	2020	**2019**
	SGD'000	SGD'000
At 1 July	7,646	8,090
Additions (Note 11)	1,327	1,857
Reversal against property, plant and equipment	(778)	(1,007)
Charge to profit or loss, net	–	193
Utilisation	(375)	(1,559)
Discount adjustment	529	307
Exchange differences	(20)	(235)
At 30 June	8,329	7,646

24. Provisions (cont'd)

Provision for onerous contract (current and non-current)

	Group	
	2020	**2019**
	SGD'000	SGD'000
At 1 July	6,519	1,515
Additions	–	6,505
Reversal upon recognition of lease expense	(2,002)	(1,468)
Reclassified to right-of-use assets	(4,517)	–
Exchange difference	–	(33)
At 30 June	–	6,519

Provision for onerous contract represents the unavoidable operating lease expense of loss-making stores.

25. Loans and borrowings

	Group		Company	
	2020	**2019**	**2020**	**2019**
	SGD'000	SGD'000	SGD'000	SGD'000
Current				
Bank overdraft	2,599	158	–	–
Banker's acceptance	1,943	2,457	–	–
Finance leases	–	259	–	–
Loan from owner of a managed store (Vietnam)	1,320	1,278	–	–
	5,862	4,152	–	–
Non-current				
Finance leases	–	108	–	–
Loan from a third party	1,395	–	–	–
Loans from ultimate holding company	10,226	11,743	8,961	7,369
	11,621	11,851	8,961	7,369
Total loans and borrowings	17,483	16,003	8,961	7,369

25. Loans and borrowings (cont'd)

Bank overdraft and banker's acceptance

The bank borrowings are secured by short-term deposits of SGD2,361,000 (2019: SGD1,637,000) (Note 21) and a corporate guarantee from a subsidiary.

Bank overdraft bears interest at Base Lending Rate (BLR) + 1.0% per annum. Banker's acceptance bears interest at bank's base rate + 0.75% per annum. These facilities are subject to yearly review and are repayable on demand.

Finance leases

Finance leases are secured by a charge over the leased assets (Note 11) and corporate guarantee from the Company. In 2019, the effective interest rate for these leases range from 2.37% to 7.13% per annum, repayable within 3 years.

Finance lease liabilities have been reclassified to lease liabilities as at 1 July 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in note 2.2.

Loan from owner of a managed store (Vietnam)

Loan from owner of a managed store is unsecured and has no fixed terms of repayment. The loan bears interest at Nil (2019: 7%) per annum.

Loan from a third party

Loan from a third party is unsecured and expected to be repaid in 2023. The loan bears interest at 7% per annum.

Loans from ultimate holding company

The loans from ultimate holding company are unsecured, bear interest at 3% to 7% (2019: 7%) per annum and are repayable from 2022, the third anniversary of each drawdown. On 1 January 2020, the ultimate holding company revised the interest rate to 3% per annum and waived a portion of interest for the year. The interest waived for the Group and Company is SGD303,000 and SGD208,000 respectively.

25. Loans and borrowings (cont'd)

Loans from ultimate holding company (cont'd)

A reconciliation of liabilities arising from financing activities is as follows:

			Non-cash changes			
	2019	Cash flows	Acquisition	Exchange movement	Other	2020
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Banker's acceptance	2,457	(501)	–	(13)	–	1,943
Loan from owner of a managed store (Vietnam)	1,278	–	–	42	–	1,320
Loan from a third party	–	1,309	–	37	49	1,395
Loans from ultimate holding company	11,743	1,027	–	143	(2,687)	10,226
Lease liabilities	376,303	(57,995)	6,767	1,630	20,253	346,958
Total	391,781	(56,160)	6,767	1,839	17,615	361,842

			Non-cash changes			
	2018	Cash flows	Acquisition	Exchange movement	Other	2019
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Banker's acceptance	1,718	793	–	(54)	–	2,457
Loan from owner of a managed store (Vietnam)	1,306	–	–	(28)	–	1,278
Loans from ultimate holding company	–	11,743	–	–	–	11,743
Finance leases	701	(458)	143	(19)	–	367
Total	3,725	12,078	143	(101)	–	15,845

The 'Other' column includes the effect of interest on leases and borrowings. Loans from ultimate holding company during the year was offset by an amount of SGD2,947,000 that was receivable from related companies.

26. Leases

Group as lessee

The Group has lease contracts for retail and office premise, furniture and equipment and motor vehicles. The Group's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group is restricted from assigning and subleasing the leased assets.

26. Leases ((cont'd)

Group as lessee (cont'd)

The Group also has certain leases with lease terms of 12 months or less and leases with low value. The Group applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

(a) *Right-of-use assets*

The carrying amount of right-of-use assets and movement during the year is as follows:

Group	**Retail and office premise**	**Furniture and equipment**	**Motor vehicles**	**Total**
	SGD'000	SGD'000	SGD'000	SGD'000
At 1 July 2019	352,611	793	148	353,552
Additions	6,169	1,460	–	7,629
Decrease arising from sublease	(6,097)	–	–	(6,097)
Depreciation	(56,618)	(388)	(30)	(57,036)
Impairment loss	(40,840)	–	–	(40,840)
Exchange differences	1,712	–	(1)	1,711
At 30 June 2020	256,937	1,865	117	258,919

The additions to right-of-use assets under finance lease arrangement include cash payments of SGD862,000.

(b) *Lease liabilities*

	Group
	2020
	SGD'000
At 1 July 2019	376,303
Additions	6,767
Accretion of interest	28,841
Rent concession	(8,588)
Payments	(57,995)
Exchange differences	1,630
At 30 June 2020	346,958
Current	60,530
Non-current	286,428
	346,958

The maturity analysis of lease liabilities is disclosed in Note 34.

26. Leases (cont'd)

Group as lessee (cont'd)

(c) *Amounts recognised in profit or loss (Note 8)*

	Group
	2020
	SGD'000
Lease expense not capitalised in lease liabilities:	
Short-term leases	13,575
Low-value leases	96

(d) *Total cash outflow*

The Group had total cash outflows for leases of SGD73,158,000 for the year.

(e) *Variable lease payments*

The leases for department stores contain variable lease payments that are based on a percentage of sales generated by the outlets ranging from 5% to 15% on top of fixed payments. These variable lease payments are recognised in profit or loss when incurred and amounted to SGD1,492,000 during the year.

(f) *Extension options*

The Group has several lease contracts that include extension options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's business needs.

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

	Group		
	2020		
	Within five years	**More than five years**	**Total**
	$'000	$'000	$'000
Extension options expected not to be exercised	36,450	160,283	196,733

27. Share capital and treasury shares

(a) Share capital

	Group/ Company			
	2020		2019	
	No. of shares '000	SGD'000	No. of shares '000	SGD'000
Issued and fully paid ordinary shares:				
At 1 July and 30 June	677,300	231,676	677,300	231,676

The ordinary shares of the Company have no par value. All issued ordinary shares are fully paid. The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

(b) Treasury shares

	Group/ Company			
	2020		2019	
	No. of shares '000	SGD'000	No. of shares '000	SGD'000
At 1 July and 30 June	3,500	549	3,500	549

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

28. Other reserves

		Group		Company	
	Note	2020	2019	2020	2019
		SGD'000	SGD'000	SGD'000	SGD'000
Foreign currency translation reserve	(a)	(51,920)	(52,409)	(48,356)	(47,891)
Capital redemption reserve	(b)	1	1	–	–
Acquisition reserve	(c)	(2,762)	(2,762)	–	–
Capital contribution from ultimate holding company	(d)	9,959	9,959	–	–
Fair value reserve		102	838	–	–
Merger reserve	(e)	(123,753)	(123,753)	–	–
		(168,373)	(168,126)	(48,356)	(47,891)

28. Other reserves (cont'd)

(a) *Foreign currency translation reserve*

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

(b) *Capital redemption reserve*

Capital redemption reserve arose from redemption of preference shares of PCSB in previous years.

(c) *Acquisition reserve*

Acquisition reserve represents the discount on acquisition of 30% non-controlling interests of Parkson Edutainment World Sdn Bhd and 40% non-controlling interests of Kiara Innovasi Sdn Bhd.

(d) *Capital contribution from ultimate holding company*

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

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 30 June 2020, no options under the Parkson Retail ESOS have been granted. Due to the adoption of the Parkson Retail ESOS, the options held by the eligible employees of the Group under the PHB ESOS were terminated on 31 May 2012 in accordance with the relevant Bylaw of the PHB ESOS which do not allow participation in other company's option scheme. Accordingly, the exercise period for the options under the PHB ESOS granted to the employees of the Group that were due to expire on 6 May 2013 were terminated on 31 May 2012.

(e) *Merger reserve*

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

29. Related party transactions

(a) *Sales and purchase of goods and services*

In addition to the related party information disclosed elsewhere in the consolidated financial statements, the following significant transactions between the Group and related parties took place on terms agreed between the parties during the financial year:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Sale of gift vouchers to immediate holding company	–	10
Sale of gift vouchers to director related companies:		
- Lion Group Management Services Sdn Bhd	32	44
- Posim Petroleum Marketing Sdn Bhd	63	118
- Lion Corporation Berhad	2	–
- Lion Forest Industries Berhad	2	–
- Lion Industries Corporation Berhad	7	–
	106	162
Sale of gift vouchers to subsidiaries of the ultimate holding company:		
- Pancar Tulin Sdn Bhd	5	–
- ACB Resources Berhad	2	–
	7	–
Sale of gift vouchers to ultimate holding company:		
- Parkson Holdings Berhad	3	–
Sale of goods and services to director related company:		
- Lion Group Management Services Sdn Bhd	8	–
Sale of goods and services to subsidiaries of the ultimate holding company:		
- Prestasi Serimas Sdn Bhd	71	54
- Ombrello Resources Sdn Bhd	8	62
	79	116
Purchase/(return) of goods and services from director related companies:		
- Secom (Malaysia) Sdn Bhd	272	367
- Posim Marketing Sdn Bhd	306	357
- Posim EMS Sdn Bhd	–	8
- WatchMart (M) Sdn Bhd	27	166
- Lion Trading & Marketing Sdn Bhd	6	13
- PT Monica Hijaulestari	–	648
- Brands Pro Management Sdn Bhd	92	132
- Brands Pro Management Sdn Bhd	(1)	–
	702	1,691

29. Related party transactions (cont'd)

(a) ***Sales and purchase of goods and services (cont'd)***

	Group	
	2020	**2019**
	SGD'000	SGD'000
Purchase/(return) of goods and services from subsidiaries of the ultimate holding company:		
- Parkson Branding Sdn Bhd	2,595	3,180
- Watatime (M) Sdn Bhd	14	303
- Parkson Fashion Sdn Bhd	–	208
- Valino International Apparel Sdn Bhd	461	1,256
- Daphne Malaysia Sdn Bhd	452	258
- Prestasi Serimas Sdn Bhd	22	328
- Prestasi Serimas Sdn Bhd	(15)	–
- Parkson Branding Sdn Bhd	(20)	–
- Daphne Malaysia Sdn Bhd	(6)	–
	3,503	5,533
Received/receivable from director related company for bonus points redemption by cardholders:		
- Bonuskad Loyalty Sdn Bhd	2,750	3,692
Marketing fee expense to director related company for bonus points issued:		
- Bonuskad Loyalty Sdn Bhd	2,142	3,121
Rental of office space from director related company:		
- Visionwell Sdn Bhd	307	201
Rental of retail space to director related company		
- Brands Pro Management Sdn Bhd	7	–
Rental of retail space from subsidiary of the ultimate holding company:		
- Festival City Sdn Bhd	389	93
Rental of retail space to subsidiaries of the ultimate holding company:		
- Prestasi Serimas Sdn Bhd	39	137
- Parkson Branding Sdn Bhd	7	–
	46	137
Royalty expense to subsidiary of the ultimate holding company:		
- Smart Spectrum Limited	158	163

29. Related party transactions (cont'd)

(a) *Sales and purchase of goods and services (cont'd)*

	Group	
	2020	**2019**
	SGD'000	SGD'000
Service charge income from subsidiary of the ultimate holding company:		
- Parkson Credit Sdn Bhd	4	10
Management fee income from subsidiary of the ultimate holding company:		
- Festival City Sdn Bhd	10	551
Cleaning service payable to director related company:		
- Brands Pro Management Sdn Bhd	9	–
Sale of property, plant and equipment to subsidiary of the ultimate holding company:		
- Parkson Branding Sdn Bhd	1	–
Purchase of property, plant and equipment from director related company:		
- Lion Steelworks Sdn Bhd	–	1

(b) *Loan received from ultimate holding company*

Interest expense payable to the ultimate holding company:		
- Parkson Holdings Berhad	344	460

(c) *Compensation of key management personnel*

Directors' fees	255	315
Short-term employee benefits	789	2,242
Contribution to defined contribution plans	33	33
	1,077	2,590
Comprise amounts paid to:		
Directors of the Company	255	315
Chief Executive of the Company	–	1,285
Other key management personnel	822	990
	1,077	2,590

No employee share options were granted to key management personnel.

30. Commitments

(a) *Capital commitments*

Capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Capital commitments in respect of property, plant and equipment	2,859	3,737

(b) *Operating lease commitments – as lessee*

In addition to the land use right disclosed in Note 12, the Group has entered into commercial leases on certain department stores. As of 30 June 2019, these leases have remaining lease terms of between 1 and 14 years with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

In addition to the above, the annual variable lease payment is chargeable on a percentage of the respective stores' turnover or profit, where appropriate, as stated in the relevant lease agreements.

Minimum lease payments, variable rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial year ended 30 June 2019 are disclosed in Note 8.

Future minimum lease payment under non-cancellable operating leases (excluding land use right) at the end of the reporting period are as follows:

	Group
	2019
	SGD'000
Not later than one year	72,308
Later than one year and not later than five years	242,153
Later than five years	173,966
	488,427

As disclosed in Note 2.2, the Group has adopted SFRS(I) 16 on 1 July 2019. These lease payments have been recognised as right-of-use assets and lease liabilities on the balance sheet as at 30 June 2020, except for short-term and low value leases.

30. Commitments (cont'd)

(c) ***Operating lease commitments – as lessor***

The Group has entered into commercial subleases on its department stores classified as operating leases. These non-cancellable subleases have remaining lease terms of between 1 and 13 years (2019: 1 and 14 years) with terms of renewal included in the contracts.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Not later than one year	2,059	1,930
Later than one year and not later than five years	5,100	8,338
Later than five years	1,946	7,676
	9,105	17,944

(d) ***Finance lease commitments – as lessee***

The Group acquired property, plant and equipment by means of finance leases (Note 11).

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group
	2019
	SGD'000
Minimum lease payments	
Not later than one year	268
Later than one year and not later than five years	123
Total minimum lease payments	391
Less: Amounts representing finance charges	(24)
Present value of minimum lease payments	367
Present value of payments	
Not later than one year	259
Later than one year and not later than five years	108
	367

Finance leases have been reclassified to lease liabilities on 1 July 2019 arising from the adoption of SFRS(I) 16. The impact of adoption is disclosed in Note 2.2.

31. Contingent liabilities

The Company has provided a corporate guarantee of SGD2,361,000 (2019: SGD1,637,000) to a financial institution for bank borrowings of a subsidiary (Note 25).

The Company has also agreed to provide continuing financial support to certain subsidiaries.

32. Segment information

The Group has two operating segments - the operation and management of (i) retail stores and (ii) food and beverage. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has five reportable segments as follows:

(a) Malaysia
(b) Vietnam
(c) Indonesia
(d) Myanmar
(e) Cambodia

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss. Certain expenses are managed on a group basis and are not allocated to operating segments.

32. Segment information (cont'd)

	Retail stores					Food and beverage operations	Adjustments and		
	Malaysia	**Vietnam**	**Indonesia**	**Myanmar**	**Cambodia**	**Malaysia**	**eliminations**	**Note**	**Total**
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		SGD'000
2020									
Revenue:									
Sales to external customers	224,158	11,231	31,582	–	–	2,359	–		269,330
Segment results:									
Depreciation and amortisation expenses	(59,646)	(7,809)	(10,132)	–	–	(861)	–		(78,448)
Allowance for expected credit loss on trade and other receivables									
- Others	(982)	(36)	–	–	–	–	–		(1,018)
Operating lease expenses	1,357	(2,130)	(7,182)	–	–	(21)	–		(7,976)
Impairment of property, plant and equipment ("PPE")	(2,842)	(5,410)	(2,266)	–	–	(698)	–		(11,216)
Reversal of impairment of PPE for closed stores	263	–	–	–	–	–	–		263
Impairment of right-of-use assets	(4,863)	(24,250)	(10,723)	–	–	(1,004)	–		(40,840)
Impairment of land use right	–	(1,425)	–	–	–	–	–		(1,425)
Impairment of intangible assets	–	–	–	–	–	(255)	–		(255)
Income from subleasing right-of-use assets	27	10,499	–	–	–	–	–		10,526
Finance income	2,007	2,411	320	–	–	5	(509)		4,234
Finance costs	(17,916)	(7,170)	(5,737)	–	–	(124)	904		(30,043)
Income tax expense	(1,462)	–	(20)	–	–	–	–		(1,482)
Segment (loss)/profit	(19,263)	(33,447)	(25,127)	11	(697)	(3,363)	(3,109)	A	(84,995)
Assets:									
Additions to non-current assets	13,763	7,003	333	–	–	117	–		21,216
Segment assets	290,049	76,530	72,902	1,118	1,491	1,229	128		443,447
Segment liabilities	309,274	90,542	90,820	750	2,316	3,711	11,994		509,407

32. Segment information (cont'd)

	Retail stores					Food and beverage operations	Adjustments and		
	Malaysia	**Vietnam**	**Indonesia**	**Myanmar**	**Cambodia**	**Malaysia**	**eliminations**	**Note**	**Total**
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000		SGD'000
2019									
Revenue:									
Sales to external customers	326,237	19,827	47,758	711	–	4,011	–		398,544
Segment results:									
Depreciation and amortisation expenses	(19,935)	(1,070)	(3,240)	(39)	–	(414)	–		(24,698)
(Allowance)/write back of expected credit loss on trade and other receivables									
- Amount due from managed stores	–	134	–	–	–	–	–		134
- Others	(1,182)	108	–	–	–	–	–		(1,074)
Operating lease expenses	(68,992)	(14,972)	(21,693)	(1,344)	–	(821)	–		(107,822)
Impairment of property, plant and equipment ("PPE")	(10,362)	–	(1,507)	–	–	(241)	–		(12,110)
Reversal of impairment of PPE for closed stores	3,106	–	–	–	–	–	–		3,106
Finance income	3,064	196	291	–	–	–	–		3,551
Finance costs	(677)	(228)	(86)	–	–	–	(270)		(1,261)
Income tax expense	(2,877)	(1,419)	–	–	–	–	–		(4,296)
Segment loss	(4,723)	(10,133)	(8,614)	(1,460)	(271)	(4,096)	(5,316)	A	(34,613)
Assets:									
Additions to non-current assets	14,446	551	2,800	–	–	210	–		18,007
Segment assets	177,154	31,007	44,495	1,133	1,484	2,790	118		258,181
Segment liabilities	166,262	20,924	37,650	665	2,256	6,362	9,271		243,390

32. Segment information (cont'd)

Note Nature of adjustments to arrive at amounts reported in the consolidated financial statements

Adjustments and eliminations include the operations of theme park, education centre businesses in Malaysia and investment holding.

A The following items are added to/(deducted from) the segment loss to arrive at "loss for the year" presented in the consolidated income statement:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Corporate expenses	(3,897)	(5,491)
Net profit/(loss) from company previously in theme park and education centre operations	788	175
	(3,109)	(5,316)

Non-current assets information based on the geographical locations of customers and assets are as follows:

	Group	
	2020	**2019**
	SGD'000	SGD'000
Malaysia	232,811	59,192
Vietnam	29,474	17,544
Indonesia	62,082	26,467
	324,367	103,203

Non-current assets information presented above consist of property, plant and equipment, land use right, right-of-use assets and intangible assets as presented in the consolidated balance sheet.

33. Fair value of assets and liabilities

Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

Level 1 – Quoted prices (unadjusted) in active market for identical assets or liabilities that the Group can access at the measurement date,

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and

Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Assets measured at fair value

	Significant unobservable inputs (Level 3)	
	2020	**2019**
	SGD'000	SGD'000
Group		
Assets measured at fair value		
Financial assets		
Equity securities at FVOCI		
- Unquoted equity securities	183	916

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Fair value measurements at FVOCI

Description	Valuation techniques	Unobservable inputs	2020	2019
Unquoted equity securities	Dividend discount approach	Cost of equity	13.7%	4%
		Dividend yield	20% - 30%	32% - 40%

33. Fair value of assets and liabilities (cont'd)

Assets measured at fair value (cont'd)

A significant increase or decrease in the cost of equity would result in a significantly lower or higher fair value measurement.

The following table shows the impact on the Level 3 fair value measurement of assets that are sensitive to changes in unobservable inputs that reflect reasonably possible alternative assumptions. The positive and negative effects are approximately the same.

		2020
	Carrying amount	**Effect of reasonably possible alternative assumptions**
		Other comprehensive income
	SGD'000	SGD'000
Recurring fair value measurements		
Financial assets at FVOCI		
Unquoted equity securities	183	44

In order to determine the effect of the above reasonably possible alternative assumptions, the Group adjusted the cost of equity used in the fair value measurement by increasing and decreasing the assumption by 5%.

The following table presents the reconciliation for the assets measured at fair value based on significant unobservable inputs (Level 3):

	2020
	SGD'000
	Financial assets at FVOCI
	Unquoted equity securities
Opening balance	916
Loss for the period included in other comprehensive income	(736)
Exchange difference	3
Closing balance	183

33. Fair value of assets and liabilities (cont'd)

Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value

Current trade and other receivables (Note 17), Cash and short-term deposits (Note 21), Current trade and other payables (Note 22), Other liabilities (Note 23), Loans and borrowings (Note 25) and Lease liabilities (Note 26)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short term nature.

Non-current rental deposits receivables (Note 17) and Non-current rental deposits payables (Note 22)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values. The fair values of these financial assets and liabilities are calculated by discounting future cash flows at incremental market rates.

34. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk and foreign currency risk. The management reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivative for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks throughout the years under review.

(a) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and to maintain sufficient levels of cash including short term deposits to meet its working capital requirements.

34. Financial risk management objectives and policies (cont'd)

(a) ***Liquidity risk (cont'd)***

Analysis of financial instruments by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less SGD'000	**One to five years** SGD'000	**Over five years** SGD'000	**Total** SGD'000
Group				
30 June 2020				
Financial assets				
Trade and other receivables	12,212	18,313	28,120	58,645
Investment securities	–	–	183	183
Cash and short-term deposits	10,169	–	–	10,169
Total undiscounted financial assets	22,381	18,313	28,303	68,997
Financial liabilities				
Trade and other payables	97,597	2,676	–	100,273
Other liabilities	25,050	–	–	25,050
Lease liabilities	78,268	229,940	160,620	468,828
Loans and borrowings	6,131	11,891	–	18,022
Total undiscounted financial liabilities	207,046	244,507	160,620	612,173
Total net undiscounted financial (liabilities)/ assets	(184,665)	(226,194)	(132,317)	(543,176)
30 June 2019				
Financial assets				
Trade and other receivables	16,911	7,959	4,885	29,755
Investment securities	–	–	916	916
Cash and short-term deposits	54,748	–	–	54,748
Total undiscounted financial assets	71,659	7,959	5,801	85,419
Financial liabilities				
Trade and other payables	155,270	2,668	–	157,938
Other liabilities	19,787	–	–	19,787
Loans and borrowings	4,982	13,319	–	18,301
Total undiscounted financial liabilities	180,039	15,987	–	196,026
Total net undiscounted financial (liabilities)/ assets	(108,380)	(8,028)	5,801	(110,607)

34. Financial risk management objectives and policies (cont'd)

(a) ***Liquidity risk (cont'd)***

	One year or less	One to five years	Total
	SGD'000	SGD'000	SGD'000
Company			
30 June 2020			
Financial assets			
Cash and short-term deposits	115	–	115
Total undiscounted financial assets	115	–	115
Financial liabilities			
Trade and other payables	6,858	–	6,858
Other liabilities	510	–	510
Loans and borrowings	269	9,231	9,500
Total undiscounted financial liabilities	7,637	9,231	16,868
Total net undiscounted financial liabilities	(7,522)	(9,231)	(16,753)
30 June 2019			
Financial assets			
Trade and other receivables	363	8,213	8,576
Cash and short-term deposits	83	–	83
Total undiscounted financial assets	446	8,213	8,659
Financial liabilities			
Trade and other payables	1,196	–	1,196
Other liabilities	267	–	267
Loans and borrowings	516	8,396	8,912
Total undiscounted financial liabilities	1,979	8,396	10,375
Total net undiscounted financial liabilities	(1,533)	(183)	(1,716)

(b) ***Credit risk***

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

34. Financial risk management objectives and policies (cont'd)

(b) ***Credit risk (cont'd)***

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments when they fall due and there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

The Group determined that its financial assets are credit-impaired when:

- There is significant difficulty of the issuer or the debtor

- A breach of contract, such as a default or past due event

- It is becoming probable that the debtor will enter bankruptcy or other financial reorganisation

Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

Information regarding the expected credit loss allowance is disclosed in Note 17.

Excessive risk concentration and exposure to credit risk

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties of similar characteristics.

At the end of the reporting period, the Group's and the Company's maximum exposure to credit loss determined using lifetime ECL is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in Malaysia, Vietnam and Indonesia.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

34. Financial risk management objectives and policies (cont'd)

(c) *Foreign currency risk*

The Group's operations are primarily conducted in Malaysia, Vietnam and Indonesia in Malaysian Ringgit ("RM"), Vietnamese Dong ("VND") and Indonesian Rupiah ("IDR") respectively.

The Group's entities hold cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss before tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group	
		2020	**2019**
		SGD'000	SGD'000
		Loss before tax	Loss before tax
USD against VND	- strengthened 3%	(99)	(138)
	- weakened 3%	99	138
USD against RM	- strengthened 3%	–	(1)
	- weakened 3%	–	1

35. Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2020 and 30 June 2019.

36. Status of litigations

Parkson (Cambodia) Co Ltd ("PCCO")

On 15 November 2018, the Group's wholly-owned subsidiary, PCCO commenced arbitration proceedings under Singapore International Arbitration Centre ("SIAC Arbitration") relating to the lease of a planned store in Cambodia (Note 17 – Rental Deposits). The SIAC Arbitration hearing was completed on 26 May 2020. On 14 September 2020, the SIAC Arbitration issued a final award ("SIAC Award") wherein the SIAC Arbitration found, *inter alia*, that the lease agreement was lawfully terminated by PCCO, and ordered the lessor to pay to PCCO approximately SGD10.7 million which includes:

(a) return of security deposit of USD2,463,750 (SGD3.4 million);
(b) return of advance rental of USD2,025,000 (SGD2.8 million);
(c) costs and expenses incurred by PCCO of USD2,692,253 (SGD3.7 million) wasted as a result of the Lessor's breach of the Lease Agreement; and
(d) costs and expenses of the SIAC Arbitration, legal fees and costs incurred in connection with the arbitration proceedings of approximately SGD0.8 million.

Even though the disputes between PCCO and the lessor were before the SIAC Arbitration, on 12 December 2018, the lessor filed a petition ("Case No. 2577") in the Phnom Penh Municipal Court of First Instance ("PPMCFI"). On 27 March 2020, PPMCFI granted a default judgement against PCCO in Case No. 2577 ("Default Judgement"), *inter alia*, as follows:

(a) the lessor shall forfeit the security deposit and all advance rental made by PCCO to the lessor amounting to USD4,488,750 (SGD6.2 million); and
(b) PCCO shall pay damages of USD144,504,960 (SGD200.0 million) to the lessor, being the rental fee for the whole period of the lease.

On 4 May 2020, PCCO filed a petition to PPMCFI to set aside the Default Judgement. PPMCFI has agreed to accept PCCO's petition and to hold pre-trial proceedings and hearing for Case No. 2577. Additionally, on 21 May 2020, PCCO filed a motion to challenge and disqualify PPMCFI's judge ("Motion to Challenge and Disqualify Judge"). The Motion to Challenge and Disqualify Judge was dismissed on 9 June 2020 and on 26 June 2020, PCCO filed an appeal against the decision of the PPMCFI. Pre-trial proceedings for Case No. 2577 will be conducted after the outcome of the appeal against the dismissal of the Motion to Challenge and Disqualify Judge.

The Default Judgment is only applicable against PCCO and does not extend to the Company, the Company's other subsidiaries nor its holding companies. The default judgement, if not set aside, will need to be recorded by the Group although management is of the view that execution of which will be limited to the Group's capital contribution in PCCO which has previously been fully provided for. The Group had also previously recognised full impairment loss on the security deposit, advance rental as well as property, plant and equipment in respect of the relevant store in Cambodia.

The Group will proceed to apply for the recognition and enforcement of the SIAC Award to the Cambodian Court of Appeal and to attend pre-trial proceedings and hearing for Case No. 2577 at PPMCFI to set aside the default judgment.

36. Status of litigations (cont'd)

Parkson Corporation Sdn Bhd ("PCSB")

Millennium Mall Sdn Bhd

On 17 July 2019, the Group's wholly-owned subsidiary, PCSB received a Statutory Notice pursuant to Section 466(1)(a) of the Companies Act 2016 of Malaysia (the "Notice") from Millennium Mall Sdn Bhd ("MMSB"), the lessor of "M Square" Mall claiming for RM1.5 million (SGD0.5 million) in alleged outstanding rent and late payment charges. In response to the Notice, PCSB filed a Fortuna injunction on 29 July 2019, to restrain any filing of a winding up petition. Subsequently, PCSB has also received a legal letter of demand from MMSB alleging wrongful termination of the said lease and claiming an aggregate amount of approximately RM77.9 million (SGD25.6 million) in respect of primarily reinstatement as well as other charges.

On 27 September 2019, the High Court had decided in favour of PCSB and *inter alia*, ordered an injunction restraining MMSB from acting on the Section 466 Notice and restraining MMSB from filing a winding up petition and ordered MMSB to reimburse/pay PCSB an amount of RM10,000 (SGD3,289) for legal costs. On 1 October 2019, MMSB has filed an appeal against the decision of the High Court.

On 24 October 2019, PCSB commenced arbitration proceeding against MMSB ("Arbitration Proceeding") by serving the notice of arbitration dated 24 October 2019 on MMSB. The Arbitration Proceeding primarily relates to MMSB's default in making payment to PCSB of approximately RM2.2 million (SGD0.7 million), which arose from the sub-lease arrangements between PCSB and MMSB.

On 8 November 2019, MMSB through its solicitors submitted its Answers to PCSB's Notice of Arbitration dated 7 November 2019 ("MMSB's Answers") disputing the claim of RM2.2 million (SGD0.7 million) by PCSB. MMSB requested the Arbitral Tribunal to dismiss PCSB's claim in its Notice of Arbitration of 24 October 2019 and for PCSB to pay all of MMSB's arbitration costs on a full indemnity basis. On the same day, MMSB served a Notice of Arbitration dated 7 November 2019 on PCSB ("MMSB's Notice of Arbitration") which claimed against PCSB for, amongst others, the following reliefs:

(a) Declaration by the Arbitral Tribunal that PCSB had breached the sub-lease agreements and/or the settlement agreement/letters in relation to the "M Square" Mall store;
(b) Declaration by the Arbitral Tribunal that the termination notice dated 27 June 2019 issued by MMSB to PCSB is valid and lawful;
(c) Costs of reinstatement of the "M Square" Mall store of RM57,648,870 (SGD19.0 million) to be paid by PCSB to MMSB;
(d) Rent for the unexpired initial lease term under the said sub-lease agreement in respect of the lease period from 3 September 2019 to 14 January 2024 of RM18,337,768 (SGD6.0 million);
(e) Double rent in the sum of RM666,666 (SGD0.2 million) from 3 September 2019 until delivery of vacant possession of the reinstated demised premises to MMSB; and
(f) Interest on the damages and costs of proceeding to be paid by PCSB to MMSB.

On 5 December 2019, PCSB replied to MMSB's Notice of Arbitration disputing all the claims by MMSB in MMSB's Notice of Arbitration.

PCSB has been advised on the merits of MMSB's claims and takes the position that at least the claims amount (in particular, the reinstatement charges) is grossly inflated.

36. Status of litigations (cont'd)

Parkson Corporation Sdn Bhd ("PCSB") (cont'd)

PKNS Andaman Development Sdn Bhd

On 23 December 2019, PCSB was served with a Writ and Statement of Claim, both dated 13 December 2019 ("Suit"). The Suit was initiated by PKNS-Andaman Development Sdn Bhd ("PKNS") in relation to premises let to PCSB within a mall known as the "*EVO Shopping Mall*" (the "Demised Premises"). PKNS alleged that PCSB has failed to observe its obligation to pay rent for the Demised Premises pursuant to the Tenancy Agreement dated 2 October 2017 and is claiming for, amongst others, the following reliefs:

(a) RM3,659,172 (SGD1.2 million), being the accrued monthly rent from 2 April 2018 to 2 December 2019, and thereafter at the monthly rate of RM182,958 (SGD60,184) until the return of the Demised Premises to PKNS;
(b) As an alternative to (a) above, RM3,842,131 (SGD1.3 million) being accrued monthly rent from 27 February 2018 to 27 November 2019, and thereafter at the monthly rate of RM182,958 (SGD60,184) until the return of the Demised Premises to PKNS;
(c) RM1,859,600 (SGD0.6 million), being the renovation cost contributed by PKNS towards the Demised Premises;
(d) Interest upon the judgement debt at the rate of 5% per annum from the date of the Writ and Statement of Claim until the date of judgement;
(e) Interest upon the judgement debt at the rate of 5% per annum from the date of judgment until date of full settlement;
(f) PCSB to duly return the vacant possession of the Demised Premises to PKNS in the original condition and/or PCSB to return vacant possession of the Demised Premises to PKNS within 14 days from the date of judgement; and
(g) Costs of proceedings to be paid by PCSB to PKNS.

On 20 January 2020, PCSB filed its Statement of Defence stating, *inter alia*, that no rent is payable as PKNS has failed to satisfy the conditions precedent as set out in the Tenancy Agreement for rental commencement to be triggered and PKNS's act of issuing commencement notice pursuant to the Tenancy Agreement backdating the commencement date of rent without satisfying the conditions precedent is unlawful.

Further on 22 May 2020, PCSB filed a court application to strike out the Suit on the grounds that the Suit (i) discloses no reasonable cause of action; (ii) is scandalous, frivolous and vexatious; and/or (iii) is an abuse of process of court. The Court has fixed the decision for striking out application on 12 October 2020.

PCSB has been advised that it has a good defence and has instructed its solicitors to vigorously defend against the suit.

36. Status of litigations (cont'd)

Parkson Corporation Sdn Bhd ("PCSB") (cont'd)

LOL Retail (M) Sdn Bhd (formerly known as Super Gem Resources Sdn Bhd) ("LOL")

On 13 December 2019, PCSB initiated a legal suit against LOL by filing a Writ Summon and Statement of Claim, both dated 13 December 2019 (the "Suit") in the Kuala Lumpur High Court ("KLHC"). The Suit was initiated by PCSB due to LOL's failure:

(a) to pay the remaining outstanding sum due and owing to PCSB under a Share Sales Agreement dated 22 June 2018 (the "Share Sales Agreement");
(b) to pay the concession fees for the concession areas let by LOL within Parkson Vivacity Mega Mall (Kuching), Parkson Nu Sentral and Parkson Klang Parade pursuant to the respective Concession Agreements entered into between PCSB and LOL (the "Concession Agreements"); and
(c) to pay the rental of the Demised Premises within Parkson Fahrenheit 88 pursuant to the Tenancy Agreement entered into between PCSB and LOL (the "Tenancy Agreement")

Accordingly, PCSB is claiming for the following reliefs from LOL:

i. payment of the remaining outstanding sum of RM2,282,489 (SGD0.8 million) under the Share Sales Agreement;
ii. interest at a rate of 5% per annum upon the remaining outstanding sum of RM2,282,489 (SGD0.8 million) calculated from the date of the Writ Summon on 13 December 2019 up to the date of full settlement by LOL;
iii. payment of the outstanding concession fees and rentals of RM2,178,730 (SGD0.7 million) under the Concession Agreements and the Tenancy Agreement;
iv. interest at a rate of 5% per annum upon the principal outstanding concession fees and rentals of RM2,033,947 (SGD0.7 million) calculated from the date of the Writ Summon on 13 December 2019 up to the date of full settlement by LOL;
v. cost of the action; and
vi. any other relief deemed fair and reasonable by the Court.

At the Case Management on 21 February 2020, the Judge-in-Chambers recorded a Judgment in Default of Appearance against LOL ("JID") due to LOL's failure to enter a Memorandum of Appearance in Court within fourteen days from the date of service of the Writ Summons and Statement of Claim by PCSB on LOL on 27 December 2019.

On 29 May 2020, a letter of demand on JID was issued to LOL by PCSB to demand for payment of the Judgment Sum of RM4,685,745 (SGD1.5 million). The amount owing by LOL to PCSB has been fully impaired in the financial years ended 30 June 2020 and 2019.

36. Status of litigations (cont'd)

Parkson Corporation Sdn Bhd ("PCSB") (cont'd)

Superb Apparel Supply Sdn Bhd ("SASSB")

On 13 December 2019, PCSB initiated a legal suit against SASSB by filing a Writ Summon and Statement of Claim, both dated 13 December 2019 (the "Suit") in the Shah Alam High Court. The Suit was initiated by PCSB due to SASSB's failure to pay the balance payment of the 700,000 ordinary shares in LOL Retail (M) Sdn Bhd (formerly known as Super Gem Resources Sdn Bhd) purchased by SASSB from PCSB pursuant to a Share Sales Agreement dated 22 June 2018 (the "Share Sales Agreement")

Accordingly, PCSB is claiming for the following reliefs from SASSB:

i. the balance payment of RM1,640,000 (SGD0.5 million) under the Share Sales Agreement;
ii. interest at a rate of 5% per annum upon the balance payment of RM1,640,000 (SGD0.5 million) calculated from the date of the Writ Summon on 13 December 2019 up to the date of full settlement by SASSB;
iii. cost of the action; and
iv. any other relief deemed fair and reasonable by the Court.

At the Case Management on 30 January 2020, the Court had recorded a Judgement in Default of Appearance against SASSB ("JID") due to SASSB's failure to enter a Memorandum of Appearance in Court within fourteen days from the date of service of the Writ Summons and Statement of Claim by PCSB on SASSB on 30 December 2019.

On 27 February 2020, a letter of demand on JID was issued to SASSB by PCSB to demand for payment of the Judgment Sum of RM1,659,447 (SGD0.5 million). The amount owing by SASSB to PCSB has been fully impaired in the financial years ended 30 June 2020 and 2019.

37. Subsequent events

(a) On 27 July 2020, the Group has entered into a conditional Asset Transfer Agreement with a purchaser pursuant to which the Group has agreed to sell and the purchaser has agreed to buy the property (comprising land and building) located in Haiphong City, Vietnam for a cash consideration of USD10 million inclusive of value added tax ("Proposed Disposal") (Note 11).

The Proposed Disposal is subject to, amongst others, approval of the shareholders of the Company at an Extraordinary General Meeting.

37. Subsequent events (cont'd)

(b) The COVID-19 outbreak and the measures taken by the government in the countries which the Group operates in have resulted in adverse impact on the financial results and cash flows of the Group due to the disruption to the Group's operations. The Group has adopted various measures to mitigate risks and negative impact of the COVID-19 outbreak, focusing its priorities on enhancing product offerings, optimising operational efficiency and productivity at department stores as well as cost control and cashflows management, in particular the timing of payment to suppliers and ongoing negotiations with landlords for rental rebates.

Depending on factors such as whether there is any further lockdown or movement control measures and the duration of such measures, state of the economy and consumers sentiments in the countries that the Group operates in, the impact to the Group will vary. Given the degree of uncertainty, it is not possible to quantify the full effect of the impact at this juncture.

38. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2020 were authorised for issue in accordance with a resolution of the directors on 12 October 2020.

Shareholding Statistics

As at 18 September 2020

NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	673,800,000
NUMBER / PERCENTAGE OF TREASURY SHARES	:	3,500,000 / 0.52%
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE (1) VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	2	0.20	13	0.00
100 - 1,000	64	6.26	42,687	0.01
1,001 - 10,000	228	22.31	1,371,767	0.20
10,001 - 1,000,000	701	68.59	85,626,834	12.71
1,000,001 and above	27	2.64	586,758,699	87.08
TOTAL	1,022	100.00	673,800,000	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
UOB KAY HIAN PTE LTD	479,800,600	71.21
HSBC (SINGAPORE) NOMINEES PTE LTD	33,337,700	4.95
PHILLIP SECURITIES PTE LTD	6,963,300	1.03
UNITED OVERSEAS BANK NOMINEES PTE LTD	6,108,400	0.91
DBS NOMINEES PTE LTD	5,806,500	0.86
THOMAS TAN SOON SENG (THOMAS CHEN SHUNCHENG)	4,745,000	0.70
TAN YONG NEE	4,251,600	0.63
ABN AMRO CLEARING BANK N.V.	3,861,000	0.57
GOH BEE LAN	3,860,000	0.57
RAFFLES NOMINEES (PTE) LIMITED	3,235,300	0.48
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	3,023,000	0.45
MAYBANK KIM ENG SECURITIES PTE. LTD	2,718,566	0.40
CITIBANK NOMINEES SINGAPORE PTE LTD	2,684,133	0.40
OCBC SECURITIES PRIVATE LTD	2,605,000	0.39
LEONG MUN SUM @ LEONG HENG WAN	2,458,700	0.37
YEOW GIM SENG	2,300,000	0.34
OCBC NOMINEES SINGAPORE PTE LTD	2,225,900	0.33
NEO CHIN POH	2,130,500	0.32
YEO SIONG CHAN	2,022,300	0.30
NG NGEE HUNG	2,005,100	0.30
TOTAL	576,142,599	85.51

Register of Substantial Shareholders

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
East Crest International Limited	457,933,300	67.963	-	-
Parkson Holdings Berhad[1]	-	-	457,933,300	67.963
Lion Industries Corporation Berhad[2]	-	-	457,933,300	67.963
Tan Sri Cheng Heng Jem[3]	500,000	0.074	457,933,300	67.963
Golden Eagle International Retail Group Limited[4]	33,068,700	4.908	913,300	0.135
GEICO Holdings Limited[5]	-	-	33,982,000	5.043
WANG Dorothy S L[6]	-	-	33,982,000	5.043
WANG Janice S Y[6]	-	-	33,982,000	5.043
WANG Vivine H[7]	-	-	33,982,000	5.043
WANG Hung Roger[7]	-	-	33,982,000	5.043

Notes:-

(1) Parkson Holdings Berhad ("PHB") is the sole shareholder of East Crest International Limited ("ECIL"), and is deemed to be interested in the Shares held by ECIL by virtue of Section 7(4) of the Companies Act.

(2) Lion Industries Corporation Berhad ("LICB") holds, directly and indirectly, not less than 20% of the voting shares in PHB, which is the sole shareholder of ECIL. As such, LICB is deemed to be interested in the Shares held by ECIL by virtue of Section 7(A) of the Companies Act.

(3) Tan Sri Cheng Heng Jem holds, directly and indirectly, not less than 20% of the voting shares in PHB, which is the sole shareholder of ECIL. As such, Tan Sri Cheng Heng Jem is deemed to be interested in the Shares held by ECIL by virtue of Section 7(4A) of the Companies Act.

(4) Golden Eagle International Retail Group Limited ("GEIR") by itself and through its indirect non-wholly owned subsidiary holds an aggregate of more than 5% of the shares in the Company.

(5) GEICO Holdings Limited ("GEICO"), is the sole shareholder of GEIR, and is deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.

(6) WANG Dorothy S L and WANG Janice S Y are the beneficiaries of The 2004 RVJD Family Trust, the family trust of Mr WANG Hung Roger, which holds the entire shareholding in GEICO, and they are deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.

(7) WANG Vivine H and WANG Hung Roger are the settlors of The 2004 RVJD Family Trust, the family trust of Mr WANG Hung Roger, which holds the entire shareholding in GEICO, and they are deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.

Percentage of Shareholding in the Hands of Public

As at 18 September 2020, 26.91% of the issued share capital of the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Parkson Retail Asia Limited ("**the Company**") will be convened and held by way of electronic means on Friday, 30 October 2020 at 9.30am for the purposes of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company together with the Directors' Statement and Auditor's Report of the Company for the financial year ended 30 June 2020.
(Resolution 1)

2. To re-elect Mr Michael Chai Woon Chew who is retiring pursuant to Article 91 of the Constitution of the Company.
(Resolution 2)

Mr Michael Chai Woon Chew is considered as independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). If re-elected, Mr Chai will remain as the Lead Independent Director, Chairman of the Nominating Committee and a member of the Audit Committee and Remuneration Committee.

3. To record the retirement of Mr Ng Tiak Soon who is retiring pursuant to Article 91 of the Constitution of the Company.

Mr Ng Tiak Soon, upon his retirement at the conclusion of the Annual General Meeting, shall cease to be the Chairman of the Audit Committee and a member of the Remuneration Committee.

4. To re-elect Mr Koong Lin Loong who is retiring pursuant to Article 97 of the Constitution of the Company.
(Resolution 3)

Mr Koong Lin Loong is considered as independent for the purposes of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST"). If re-elected, Mr Koong will remain as the Chairman of the Remuneration Committee and a member of the Audit Committee and Nominating Committee.

5. To approve the payment of Directors' fees of up to S$250,000 for the financial year ending 30 June 2021, payable quarterly in arrears (30 June 2020: S$350,000).
(Resolution 4)

6. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 5)

7. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. Authority to issue shares

"That, pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

(a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Provided that:

(1) the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(i) new shares arising from the conversion or exercise of any convertible securities;

(ii) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(ii) any subsequent bonus issue, consolidation or subdivision of shares;

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

[see explanatory note (i)]

(Resolution 6)

9. Authority to issue shares under the Parkson Retail Asia Limited Employee Share Option Scheme

"That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the Parkson Retail Asia Limited Employee Share Option Scheme ("**the Scheme**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier."

[see explanatory note (ii)]

(Resolution 7)

10. Proposed Renewal of the General Mandate for Interested Person Transactions

"That:-

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies which fall within the definition of "entities at risk" under Chapter 9 of the Listing Manual of the SGX-ST or any of them to enter into any transaction falling within the categories of interested person transactions set out in the Company's circular to Shareholders dated 15 October 2020 (the "**Circular**"), with any party who is of the class or classes of interested persons described in the Circular, provided that such transaction is made on normal commercial terms and is not prejudicial to the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Circular (such shareholders' general mandate hereinafter called the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or until the date on which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier;

(c) the audit committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate."

[see explanatory note (iii)]

(Resolution 8)

11. Proposed Renewal of the Share Purchase Mandate

"That:-

(a) for the purposes of the Companies Act, the authority be and is hereby conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchase(s) on the SGX-ST; and/or

(ii) off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(i) the date on which the next Annual General Meeting of the Company is held or is required by law to be held; or

(ii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and

(c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

For the purposes of this Ordinary Resolution 9:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares on the SGX-ST were recorded, before the day on which a market purchase was made by the Company or, as the case may be, the date of the announcement of the offer pursuant to an off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs during the relevant period of five (5) market days and the day of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing ten per cent. (10%) of the total number of Shares excluding treasury shares and subsidiary holdings as at the last Annual General Meeting or as at the date of the passing of this Resolution (whichever is the higher); and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:-

(a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares."

[see explanatory note (iv)]

(Resolution 9)

On behalf of the Board

Tan Sri Cheng Heng Jem
Executive Chairman

Dated: 15 October 2020

Explanatory Notes:

(i) Ordinary Resolution 6 proposed under Agenda 8 above, if passed, will authorise and empower the Directors of the Company from the date of this Annual General Meeting to the next Annual General Meeting to issue shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting.

(ii) Ordinary Resolution 7 proposed under Agenda 9 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting, or the date by which the next Annual General Meeting is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.

(iii) Ordinary Resolution 8 proposed under Agenda 10 above, if passed, will authorise and empower the Directors to enter into the mandated interested person transactions as described in the Circular. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier. Please refer to the Circular for further details.

(iv) Ordinary Resolution 9 proposed under Agenda 11 above, if passed, will authorise and empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) Shares of the Company on the terms of the Share Purchase Mandate as set out in the Circular. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next Annual General Meeting of the Company is or is required by law to be held, whichever is the earlier. The Company currently intends to use internal sources of funds to finance the purchase or acquisition of its Shares. Please refer to the Circular for further details.

Notice of Annual General Meeting

Notes:

(1) The Annual General Meeting ("AGM") will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of this Notice of AGM will not be sent to members. Instead, this Notice of AGM will be sent to members by electronic means via publication on the SGXNET.

(2) The proceedings of the AGM will be broadcasted "live" through an audio-and-video webcast and an audio-only feed. Members and investors holding shares in the Company through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("Investors") (including investors holding through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) who wish to follow the proceedings through a "live" webcast via their mobile phones, tablets or computers or listen to the proceedings through a "live" audio feed via telephone must pre-register at https://agm.conveneagm.com/pralagm2020 no later than 9.30am on 27 October 2020 ("Registration Cut-Off Time"). Following verification, an email containing instructions on how to access the "live" webcast and audio feed of the proceedings of the AGM will be sent to authenticated members and Investors by 29 October 2020. Members and Investors who do not receive any email by 3.00pm on 29 October 2020, but have registered by the Registration Cut-Off Time, should contact the Company at support@conveneagm.com.

(3) **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman of the AGM ("Chairman") as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company.** The instrument for the appointment of proxy ("proxy form") may be accessed on SGXNET. Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

(4) The proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM (i.e. by 5:00pm on 20 October 2020) to submit his/her voting instructions. This is so as to allow sufficient time for the respective relevant intermediaries to in turn submit a proxy form to appoint the Chairman to vote on their behalf by 9.30am on 28 October 2020.

(5) The proxy form must be submitted to the Company in the following manner:

(a) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

(b) if submitted electronically, be submitted via email to main@zicoholdings.com; or

(c) if submitted electronically, be submitted via the pre-registration website at https://agm.conveneagm.com/pralagm2020,

in each case, **not less than 48 hours before the time appointed for holding the AGM.**

A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

(6) In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register (as defined in Part IIIAA of the Securities and Futures Act, Chapter 289 of Singapore), as at 72 hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

(7) **Members and Investors will not be able to ask questions "live" during the broadcast of the AGM. All members and Investors may submit questions relating to the business of the AGM no later than 9.30am on 27 October 2020:**

(a) via the pre-registration website at https://agm.conveneagm.com/pralagm2020;

(b) by email to the Company at main@zicoholdings.com; or

(c) by post to the registered office of the Company at 80 Robinson Road, #02-00, Singapore 068898.

In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult to submit questions by post, members and Investors are strongly encouraged to submit their questions via the pre-registration website or by email. The Company will endeavour to answer all substantial and relevant questions prior to, or at, the AGM.

(8) All documents (including the Annual Report, Circular, proxy form and this Notice of AGM) or information relating to the business of the AGM have been, or will be, published on SGXNET. **Printed copies of the documents will not be despatched to members.** Members and CPF/SRS investors are advised to check SGXNET regularly for updates.

Personal data privacy:

By submitting the proxy form appointing the Chairman to attend, speak and vote at the Annual General Meeting and / or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman as proxy for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and / or guidelines.

Disclosure of Information on Director(s) Seeking Re-Election

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following are the information relating to the directors seeking re-election at the forthcoming Annual General Meeting as recommended by the Nominating Committee ("NC") and the Board, as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

	MR MICHAEL CHAI WOON CHEW	**MR KOONG LIN LOONG**
Date of Appointment	01 September 2017	02 January 2020
Date of last re-appointment (if applicable)	31 October 2017	N.A.
Age	62	55
Country of principal residence	Malaysia	Malaysia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board is of the view that Mr Chai, who is a lawyer by profession, has the relevant professional qualification and working experience to continue to contribute positively to the Board and the Company.	The Board is of the view that Mr Koong, who is a tax professional, has the relevant professional qualification and working experience to continue to contribute to the Board and the Company.
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Lead Independent Director, Chairman of the Nominating Committee, and a member of the Audit Committee and Remuneration Committee.	Independent Director, Chairman of the Remuneration Committee, and a member of the Audit Committee and Nominating Committee.
Professional qualifications	Bachelor of Laws (Hons.) degree from the University of Buckingham, Bachelor of Science (Hons.) degree from University of Surrey, UK and qualified as Barrister-at-Law from Lincoln's Inn, England.	Associate Member of the Chartered Institute of Management Accountants of United Kingdom (CIMA), Member of the Malaysian Institute of Accountants (MIA), Member of the Certified Practising Accountants Australia (CPA Australia), Fellow member of the Chartered Tax Institute of Malaysia (CTIM).
Working experience and occupation(s) during the past 10 years	2014 – Present: Partner of Michael Chai Ken, Advocate & Solicitors 1994 – Present: Non-Independent Non-Executive Director of KKB Engineering Berhad	2009 – Present: Managing Partner of Reanda LLKG International 2009 – Present: CEO of K-Konsult Taxation Sdn Bhd
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil

Disclosure of Information on
Director(s) Seeking Re-Election

	MR MICHAEL CHAI WOON CHEW	MR KOONG LIN LOONG
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) Present	Past Nil Present 1) KKB Engineering Berhad 2) Bank of China (Malaysia) Berhad	Past Nil Present 1) Reanda LLKG International 2) K-Konsult Taxation Sdn Bhd 3) K-Contec Penta Consortium Sdn Bhd 4) Reanda LLKG (Cambodia) Co. Ltd 5) Oversea Enterprise Bhd 6) Reanda International Network Limited 7) K-Konsult Taxation (JB) Sdn Bhd

Disclosure of Information on Director(s) Seeking Re-Election

		MR MICHAEL CHAI WOON CHEW	MR KOONG LIN LOONG
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**			
a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c)	Whether there is any unsatisfied judgment against him?	No	No
d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

Disclosure of Information on Director(s) Seeking Re-Election

	MR MICHAEL CHAI WOON CHEW	MR KOONG LIN LOONG
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:– i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No

Disclosure of Information on Director(s) Seeking Re-Election

	MR MICHAEL CHAI WOON CHEW	MR KOONG LIN LOONG
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No
Information required **Disclosure applicable to the appointment of Director only.**		
Any prior experience as a director of a listed company? If yes, please provide details of prior experience. If no, please state if the director has attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable	Not applicable

PARKSON RETAIL ASIA LIMITED
Company Registration No. 201107706H
(Incorporated In Singapore)

PROXY FORM
(Please see notes overleaf before completing this Form)

IMPORTANT

1. The AGM will be held by way of electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Printed copies of the Notice of AGM and this Proxy Form will not be sent to members. Instead, the Notice of AGM and this Proxy Form will be sent to members by electronic means via publication on the SGXNET.
2. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the AGM can be electronically accessed via "live" audio-and-video webcast or "live" audio-only stream), submission of questions to the Chairman in advance of the AGM, addressing of substantial and relevant questions at the AGM and voting by appointing the Chairman as proxy at the AGM, are set out in the Notice of AGM.
3. Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) who wishes to exercise his/her/its vote must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. In appointing the Chairman as proxy, a member must give specific instructions as to voting, or abstentions from voting, in the proxy form, failing which the appointment will be treated as invalid.
4. This proxy form is not valid for use by investors holding shares in the Company ("Shares") through relevant intermediaries (as defined in Section 181 of the Companies Act (Chapter 50 of Singapore)) ("Investors") (including investors holding through Central Provident Fund ("CPF") and Supplementary Retirement Scheme ("SRS") ("CPF/SRS investors")) and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM to submit his/her vote.
5. Personal Data Privacy: By submitting this proxy form, a member of the Company accepts and agrees to the personal data terms set out in the Notice of AGM dated 15 October 2020.
6. Please read the notes overleaf which contain instructions on, inter alia, the appointment of the Chairman as a member's proxy to attend, speak and vote on his/her/its behalf at the AGM.

I/We, ____ NRIC/ Passport No. ________________________

of ____

being a member/members of Parkson Retail Asia Limited (the "**Company**"), hereby appoint the **Chairman of the Annual General Meeting** ("**Chairman**") as my/our proxy/ proxies to vote for me/us on my/our behalf at the Annual General Meeting ("AGM" or "Meeting") of the Company to be held by way of electronic means on Friday, 30 October 2020 at 9.30am and at any adjournment thereof in the following manner:

No.	Resolutions relating to:	For*	Against*	Abstain*
1	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2020 together with the Directors' Statement and Auditor's Report thereon			
2	To re-elect Mr Michael Chai Woon Chew as a Director			
3	To re-elect Mr Koong Lin Loong as a Director			
4	To approve the payment of Directors' fees of up to S$250,000 for the financial year ending 30 June 2021, payable quarterly in arrears			
5	To re-appoint Messrs Ernst & Young LLP as Auditor			
6	To authorise the Directors to issue new shares			
7	To authorise the Directors to issue new shares under the Parkson Retail Asia Limited Employee Share Option Scheme			
8	To approve the renewal of the General Mandate for Interested Person Transactions			
9	To approve the renewal of the Share Purchase Mandate			

*** Voting will be conducted by poll. If you wish to exercise all your votes "For" or "Against", or "Abstain" the relevant resolution, please tick [✓] in the relevant box provided. Alternatively, please indicate the number of votes "For" or "Against", or "Abstain" for each resolution. If you tick [✓] in the abstain box for a particular resolution, you are directing your proxy not to vote on that resolution.**

Dated this __________ day of __________________ 2020

Total number of Ordinary Shares in:	No. of Ordinary Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Delete where inapplicable

Notes:

1. Please insert the total number of shares of the Company ("**Shares**") held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. **Due to the current Covid-19 restriction orders in Singapore, a member will not be able to attend the AGM in person. A member will also not be able to vote online on the resolutions to be tabled for approval at the AGM. A member (whether individual or corporate) must appoint the Chairman as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if such member wishes to exercise his/her/its voting rights at the AGM. The Chairman, as proxy, need not be a member of the Company. This proxy form may be accessed at the SGXNET.** Where a member (whether individual or corporate) appoints the Chairman as his/her/its proxy, he/she/it must give specific instructions as to voting, or abstentions from voting, in respect of a resolution in the proxy form, failing which the appointment of the Chairman as proxy for that resolution will be treated as invalid.

3. This proxy form is not valid for use by Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. An Investor who wishes to vote should instead approach his/her relevant intermediary as soon as possible to specify his/her voting instructions. A CPF/SRS investor who wishes to vote should approach his/her CPF Agent Bank or SRS Operator at least 7 working days before the date of the AGM to submit his/her vote.

Fold along this line

Affix
Postage
Stamp

Parkson Retail Asia Limited
c/o The Share Registrar
B.A.C.S. Private Limited
8 Robinson Road
#03-00, ASO Building
Singapore 048544

This flap for sealing

4. The proxy form must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged with the Company's Share Registrar, B.A.C.S. Private Limited, at 8 Robinson Road #03-00 ASO Building Singapore 048544; or

   (b) if submitted electronically, be submitted via email to main@zicoholdings.com; or

   (c) if submitted electronically, be submitted via the pre-registration website at https://agm.conveneagm.com/pralagm2020,

   in each case, not less than 48 hours before the time appointed for holding the AGM.

   A member who wishes to submit the proxy form must first download, complete and sign the proxy form, before submitting it by post to the address provided above, or before scanning and sending it by email to the email address provided above.

   In view of the current Covid-19 situation and the related safe distancing measures which may make it difficult for members to submit completed proxy forms by post, members are strongly encouraged to submit completed proxy forms electronically via email.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument of proxy, failing which the instrument of proxy may be treated as invalid.

Personal data privacy:
By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 15 October 2020.

General:
The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 72 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Designed
& Produced by
+65 6880 2828 Xpress

PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

80 Robinson Road #02-00
Singapore 068898