PARKSON HOLDINGS BERHAD

A Member of Lion Group

Registration No. 198201009470 (89194-P)

LAPORAN TAHUNAN 2020 ANNUAL REPORT

CONTENTS

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN THAT the 37th Annual General Meeting of Parkson Holdings Berhad ("37th AGM") will be held fully virtual at the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 25 November 2020 at 10.30 am for the following purposes:

AGENDA

1. To receive the Audited Financial Statements for the financial year ended 30 June 2020 and the Reports of the Directors and Auditors thereon. **Note 1**

2. To approve the payment of Directors' fees amounting to RM214,700 for the financial year ended 30 June 2020 (2019: RM233,600). **Resolution 1**

3. To approve the payment of Directors' benefits of up to RM87,000 for the period commencing after the 37th AGM until the next annual general meeting of the Company (2019: RM95,000). **Resolution 2**

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

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

5. To re-appoint Messrs Ernst & Young PLT as Auditors of the Company and to authorise the Directors to fix their remuneration. **Resolution 5**

6. Special Business

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

6.1 Authority to Directors to Issue Shares

"THAT pursuant to Sections 75 and 76 of the Companies Act 2016 and subject to the approval of all relevant authorities being obtained, the Directors be and are hereby empowered to issue shares in the Company at any time and upon such terms and conditions and for such purposes as the Directors may, in their absolute discretion deem fit, provided that the aggregate number of shares issued pursuant to this resolution does not exceed 10% of the total number of issued shares of the Company (excluding treasury shares) for the time being and that such authority shall continue to be in force until the conclusion of the next annual general meeting of the Company." **Resolution 6**

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

"THAT approval be and is hereby given for the renewal of the mandate granted by the Shareholders of the Company on 27 November 2019, for the Company and its subsidiaries to enter into recurrent related party transactions of a revenue or trading nature which are necessary for its day-to-day operations as detailed in paragraph 3.3 and with those related parties as set out in paragraph 3.2 of the Circular to Shareholders of the Company dated 27 October 2020 ("Related Parties") which has been despatched to the Shareholders of the Company, provided that such transactions are undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the Related Parties than those generally available to the public and are not to the detriment of the minority shareholders; and **Resolution 7**

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

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

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

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

whichever is the earlier; and

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

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

By Order of the Board

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

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

Kuala Lumpur
27 October 2020

Notes:

- *Proxy*

  (i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 November 2020 shall be eligible to attend the Meeting.

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

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

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

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

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

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

- *In light of the COVID-19 pandemic, please refer to the Administrative Guide for the 37th AGM for registration and participation at the Meeting.*

1. *Audited Financial Statements for the financial year ended 30 June 2020*

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

2. *Circular to Shareholders dated 27 October 2020 ("Circular")*

   Details on the Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions are set out in the Circular accompanying the 2020 Annual Report.

3. *Resolution 2*

   The benefits payable to the Directors of up to RM87,000 for the period commencing after the 37th AGM until the next annual general meeting of the Company comprise estimated meeting allowance in respect of Directors' attendance at Board and Board Committees meetings which have been scheduled and those unscheduled, where necessary. The Board is of the view that it is just and equitable for the Directors to be paid the meeting allowance as and when incurred when they discharge their responsibilities and render their services to the Company throughout the relevant period.

4. *Resolution 6*

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

   As at the date of this Notice, no new shares in the Company were issued pursuant to the mandate granted to the Directors at the last Annual General Meeting of the Company held on 27 November 2019 which will lapse at the conclusion of this Annual General Meeting.

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

5. *Resolution 7*

   This approval will allow the Company and its subsidiaries to continue to enter into recurrent related party transactions of a revenue or trading nature with those related parties as set out in paragraph 3.2 of the Circular, which are necessary for the Group's day-to-day operations undertaken in the ordinary course of business and are on normal commercial terms which are consistent with the Group's usual business practices and policies, and on terms not more favourable to the related parties than those generally available to the public and are not to the detriment of the minority shareholders.

CORPORATE INFORMATION

Board of Directors	:	Y. Bhg. Tan Sri Cheng Heng Jem *(Chairman and Managing Director)* Ms Cheng Hui Yen, Natalie *(Executive Director)* Cik Zainab binti Dato' Hj. Mohamed Mr Liew Jee Min @ Chong Jee Min Mr Ooi Kim Lai
Secretaries	:	Ms Lim Kwee Peng (MAICSA 7015250) SSM PC No. 202008002981 Ms Choo Yoon May (MAICSA 7044632) SSM PC No. 202008002365
Registration No	:	198201009470 (89194-P)
Registered Office	:	Level 14, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel No : 03-21420155 Fax No : 03-21413448 Website : www.lion.com.my/parkson
Share Registrar	:	Secretarial Communications Sdn Bhd Level 13, Lion Office Tower No. 1 Jalan Nagasari 50200 Kuala Lumpur Wilayah Persekutuan Tel Nos : 03-21420155, 03-21418411 Fax No : 03-21428409
Auditors	:	Ernst & Young PLT Level 23A, Menara Milenium Jalan Damanlela Pusat Bandar Damansara 50490 Kuala Lumpur Wilayah Persekutuan
Principal Bankers	:	HSBC Amanah Malaysia Berhad CIMB Bank Berhad Malayan Banking Berhad China Merchants Bank Bank of China (Hong Kong) Limited
Stock Exchange Listing	:	Bursa Malaysia Securities Berhad ("Bursa Securities")
Stock Name	:	PARKSON
Bursa Securities Stock No	:	5657
Reuters Code	:	PRKN.KL

DIRECTORS' PROFILE

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

Y. Bhg. Tan Sri Cheng Heng Jem, a Malaysian, male, aged 77, was appointed to the Board on 30 March 1989. He was appointed the Managing Director and the Chairman of the Company on 16 August 2006 and 13 November 2006 respectively.

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

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

Tan Sri Cheng's other directorships in public companies are as follows:

- Chairman of Lion Posim Berhad (formerly known as Lion Forest Industries Berhad), a public listed company
- Chairman and Managing Director of Lion Corporation Berhad
- Chairman of ACB Resources Berhad
- A Founding Member and a Permanent Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes

Tan Sri Cheng has a direct shareholding of 286,923,039 ordinary shares in the Company ("Parkson Shares") and a deemed interest in 341,532,045 Parkson Shares. By virtue of his substantial interest in the Company, he is deemed to be interested in the subsidiaries of the Company, both wholly-owned and those set out on page 212 of this Annual Report.

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

Tan Sri Cheng attended all 4 Board Meetings of the Company held during the financial year ended 30 June 2020.

Cheng Hui Yen, Natalie
Executive Director

Ms Cheng Hui Yen, Natalie, a Malaysian, female, aged 37, was appointed the Executive Director of the Company on 26 August 2015.

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

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

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

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

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

Ms Natalie Cheng attended all 4 Board Meetings of the Company held during the financial year ended 30 June 2020.

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

Cik Zainab binti Dato' Hj. Mohamed, a Malaysian, female, aged 62, was appointed to the Board on 23 November 2012. She is also the Chairman of the Audit Committee, and a member of the Nomination Committee and Remuneration Committee of the Company.

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

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

She managed her own management and consultancy firm, ANZ Consultancy Services, and has since retired in 2019.

Cik Zainab attended all 4 Board Meetings of the Company held during the financial year ended 30 June 2020.

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

Mr Liew Jee Min @ Chong Jee Min, a Malaysian, male, aged 61, was appointed to the Board on 15 January 2019. He is also the Chairman of the Nomination Committee and Remuneration Committee, and a member of the Audit Committee of the Company.

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

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

Mr Chong is also the Chairman of YKGI Holdings Berhad, and a Director of Jaks Resources Berhad and Hextar Global Berhad, all public listed companies.

Mr Chong attended all 4 Board Meetings of the Company held during the financial year ended 30 June 2020.

Ooi Kim Lai
Non-Independent Non-Executive Director

Mr Ooi Kim Lai, a Malaysian, male, aged 53, was appointed to the Board on 12 May 2014. He is also a member of the Audit Committee and Nomination Committee of the Company.

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

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

He is also a Director of Lion Diversified Holdings Berhad (In liquidation), a public company.

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

Mr Ooi attended all 4 Board Meetings of the Company held during the financial year ended 30 June 2020.

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

PROFILE OF KEY SENIOR MANAGEMENT

Juliana Cheng San San
Singaporean, female, 50 years of age

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

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

Ms Juliana Cheng started her career with the Lion Group in 1995 with stints in Singapore and Malaysia. During her tenure from 1995 to 2004, she held various positions in finance, human resource, administration and business development. In 2004, Ms Juliana Cheng was seconded to Parkson China as Cosmetics Manager and thus, began her career in the retail industry. She left Parkson China in May 2006 and joined Chanel (China) Co., Ltd. as the National Accounts Manager for business development in the PRC. In June 2010, she re-joined Parkson China as Regional Director overseeing its retail operations in the PRC. She is also a director of various subsidiaries of PRGL. During her more than 20 years with the Lion Group, Parkson China and Chanel (China) Co., Ltd., she has accumulated vast experience and knowledge of the retail and branding industry which enables her to contribute to the Group.

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

Zhou Jia
Chinese, male, 48 years of age

Mr Zhou Jia has been the Chief Operation Officer of the PRGL Group since 2016.

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

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

Law Boon Eng
Malaysian, male, 63 years of age

Mr Law Boon Eng was appointed the Chief Operating Officer ("COO") in October 2015 for the Group's retail operations in Malaysia.

Mr Law graduated with a Diploma in Management from the Curtin University, Australia in 1992.

Mr Law first joined the Group's Malaysia operations in 1988 as a Divisional Merchandising Manager and was appointed the General Manager of Merchandising and Marketing Department in 1996. Mr Law left the Group in 2001 and re-joined the Group as the Acting COO in 2014. Mr Law has more than 30 years of experience in the retail industry. Prior to re-joining the Group, Mr Law held various senior positions in other major retail groups in Malaysia, including COO and Executive Director of Ngiu Kee Corporation Bhd from 2001 to 2003 and Executive Director of Asia Brands Corporation Berhad from 2003 to 2007.

Chang Chae Young
Korean, male, 49 years of age

Mr Chang Chae Young was appointed the Chief Executive Officer ("CEO") of Indochina Operations on 1 July 2018 and is responsible in overseeing the PRA Group's operations in Vietnam, Myanmar and Cambodia.

Mr Chang graduated with a Bachelor of Business Management from the Chonnam National University, College of Business Administration in South Korea in 1995.

Mr Chang has more than 20 years of extensive experience in brand management and retail operations, having worked in South Korea, Hong Kong and the PRC. Prior to joining the PRA Group, he held various senior positions in Eland Group in Seoul, South Korea from 1996 to 2003, Brand Director of Teenie Weenie in Shanghai of the PRC from 2004 to 2010, General Manager of Kate Spade New York in Shanghai of the PRC from 2011 to 2013, Managing Director of Eland and Cole Haan in Hong Kong, and Eland China in Shenzen of the PRC from 2014 to March 2017 and Managing Director of Badina International in Hangzhou of the PRC from May 2017 to December 2017. In March 2018, he was appointed the Business Consultant of the PRA Group focusing on new direction and strategy of Parkson Vietnam operations before his appointment as the CEO of Indochina Operations.

Gui Cheng Hock
Malaysian, male, 62 years of age

Mr Gui Cheng Hock was appointed the Group COO of the Group's retail operations in Indonesia on 15 October 2013.

Mr Gui graduated with a Diploma in Commerce from Tunku Abdul Rahman College, Malaysia in 1982 followed by an Executive Diploma in Management Studies from the Curtin University of Technology, Australia in 1992.

Mr Gui first joined the Group's Malaysia operations in 1987 and had held various positions, including as Operations Manager, General Manager (Operations) and Senior General Manager (Retail Properties). He has more than 35 years of experience in the retail industry. Prior to joining the Group, he worked for Emporium Supermarket Holdings Bhd.

Poh Wan Chung, Danny
Malaysian, male, 47 years of age

Mr Poh Wan Chung, Danny assumed the position of Senior General Manager since January 2015, in charge of and responsible for the operations of Parkson Credit Sdn Bhd ("Parkson Credit"), a wholly-owned subsidiary of PRGL, which provides consumer durables financing and money lending services under the name of *Parkson Credit*. Mr Danny Poh is also a director of Parkson Credit.

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

Mr Danny Poh has more than 20 years of working experience in financial institutions in the areas of hire purchase, credit card, consumer credit and loans. He first joined the Group in January 2014 as the General Manager of the credit financing business before his promotion to the current position. Prior to joining the Group, he was the Head of New Business and Insurance Agency and General Manager of AEON Credit Service (M) Berhad and served as its Head of Marketing and Business Development Division responsible for its marketing, sales and business development function.

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

CORPORATE GOVERNANCE OVERVIEW STATEMENT

INTRODUCTION

The Board is pleased to present the Corporate Governance ("CG") Overview Statement of the Company for the financial year ended 30 June 2020. This CG Overview Statement is prepared pursuant to the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("Listing Requirements").

The Board has been guided by the Malaysian Code on Corporate Governance ("MCCG") in its implementation of CG practices while ensuring compliance with the Listing Requirements and the Companies Act 2016 in addition to monitoring developments in industry practice and other relevant regulations.

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

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

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

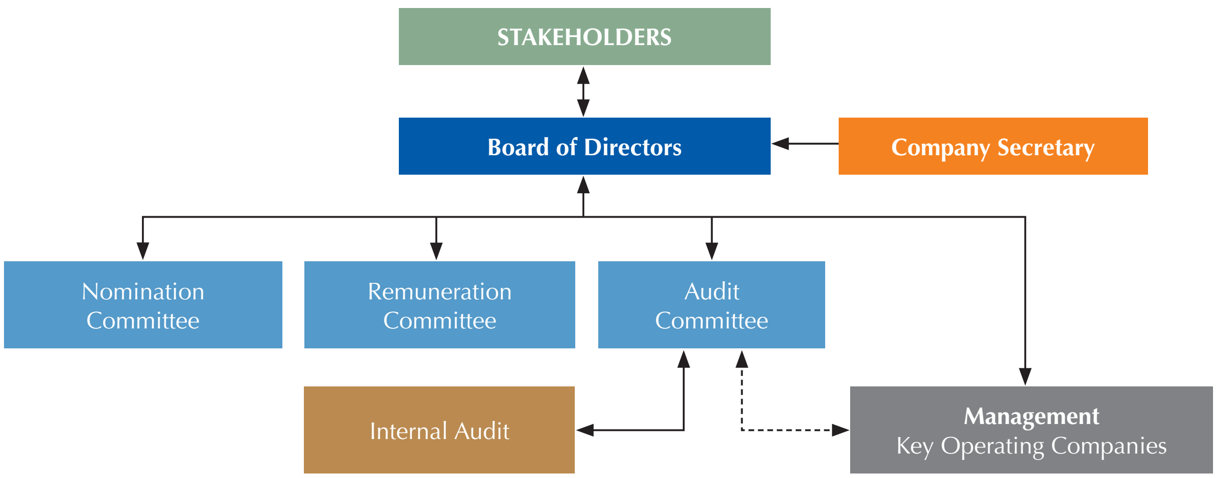
In its deliberation and review of the CG Overview Statement, the Board is satisfied that the practices set out in the MCCG apart from the practices prescribed for Large Companies as defined in the MCCG, in all material respects, have been applied to achieve the intended outcomes for the financial year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

- Practice 1.3 : Positions of Chairman and Chief Executive Officer are held by different individuals.
- Practice 4.1 : At least half of the board comprises independent directors.
- Practice 4.5 : Company's policies on gender diversity, its targets and measures to meet those targets.
- Practice 7.2 : Disclosure on a named basis, the remuneration of top 5 senior management.
- Practice 11.2 : Adoption by large companies of integrated reporting based on a globally recognised framework.
- Practice 12.3 : Leveraging technology to facilitate voting in absentia and remote shareholders' participation at general meetings for listed companies with a large number of shareholders or which have meetings in remote locations.

The details on the extent of the application of each CG practice as set out in the MCCG including the explanation for non-adoption of or departure from the abovementioned practices, are available in the CG Report for the financial year ended 30 June 2020.

CORPORATE GOVERNANCE FRAMEWORK

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



BOARD LEADERSHIP AND EFFECTIVENESS

I. BOARD RESPONSIBILITIES

Responsibilities for Leadership and Meeting Objectives and Goals

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

The Chairman is primarily responsible for ensuring Board effectiveness and leading the Board in its collective oversight of management whereas the Managing Director ("MD") and the Executive Director ("ED") are responsible for day-to-day management of the Group's businesses and operations including the implementation of business plans, strategies and policies. The distinct and separate roles of the Chairman, MD and ED with clear division of responsibilities are set out in the Company's Board Charter. Notwithstanding, the Company being cognisant of the requirements of the MCCG, given the Chairman's wealth of over 45 years of experience in the business operations of the Group, the history of the Group, its structure, business environment and the territories globally in which the Group operates and performance track records, the Chairman also assumes the position of the MD for continuing leadership.

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

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

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

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

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

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

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

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

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

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

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

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

Commitment to Good Business Conduct and Healthy Corporate Culture

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

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

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

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

II. BOARD COMPOSITION

Objectivity in Board Decision Making

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

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

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

In line with the MCCG, the tenure of an independent Director does not exceed a cumulative term of 9 years. Upon completion of the 9 years, an independent Director may continue to serve on the Board as a non-independent Director. In the event such Director is to be retained as an independent Director, the Board must first justify and obtain Shareholders' approval.

The Nomination Committee is responsible for recommending to the Board the re-election of Directors and the retention of the independent Directors whose tenure of service will exceed 9 years or have exceeded 9 years. The MCCG provides that where the tenure of an independent Director has exceeded a cumulative term of 12 years, Shareholders' approval must be sought by the Board through a 2-tier voting process to retain the said Director as an independent Director.

The Board, assisted by the Nomination Committee, assesses the independence of the independent Directors on an annual basis. In addition, the independent Directors affirm their independence annually to the Board.

In optimising the collective leadership by the Board in providing clear direction and opportunities for the Group, the Board, in its appointments and composition, pays due recognition to the mix of competencies, expected contributions and diversity representation of the Board. The Board, from time to time, undertakes a review of the merit of the appointment criteria in the context of the Group's businesses and strategies for appropriateness. The Board currently has 2 women Directors.

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

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

In assessing and recommending to the Board suitable candidature of Directors, the Nomination Committee shall consider the following criteria:

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

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

A brief description of each Director's background is presented in the respective profile under Directors' Profile on pages 5 to 7 of this Annual Report.

The Nomination Committee comprises 3 members, all of whom are non-executive Directors with a majority of them being independent Directors. The Nomination Committee is chaired by an independent Director. The composition and the Terms of Reference of the Nomination Committee are presented on page 32 of this Annual Report and are available on the Company's website for reference.

Effectiveness of the Board and Individual Directors

The Nomination Committee reviews and assesses the performance and effectiveness of the Board as a whole and the Board Committees as well as individual Directors based on the criteria set out by the Board and according to the fulfilment of the respective Board Committee's Terms of Reference on an annual basis.

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

Time Commitment

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

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

Directors' Training

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

The Board, on a continuing basis, evaluates and determines the training needs of each Director, particularly on relevant new laws and regulations, and essential practices for effective corporate governance and risk management to enable the Directors to sustain their active participation in board deliberations and to effectively discharge their duties.

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

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

During the financial year, the Directors had attended the following seminars, workshops, webinars, virtual conferences and training programmes ("Programmes") on topics in relation to corporate governance, business opportunities, investment and prospects in various industries and countries, risk management and internal controls, economic and regional issues, board, management, entrepreneurship and leadership, statutory and regulatory updates and requirements including the new Section 17A of the Malaysian Anti-Corruption Commission (MACC) Act 2009 (Amendment 2018) on the liability of corporations for corrupt practices which came into force on 1 June 2020, financial and accounting knowledge and updates, sustainability covering community, environment, marketplace and workplace, fraud, corruption and cybersecurity risks, technology and innovation, and COVID-19 impacts and developments:

Name of Directors	Programme
Tan Sri Cheng Heng Jem	• Parkson Retail Group Limited In-House Directors' Training – Risk Management and Internal Controls: Internal Audit Programme and Legal Risk Prevention of Company Operation

Name of Directors	**Programme**
Cheng Hui Yen, Natalie	• Bursa Malaysia & ICDM – Corporate Governance Advocacy Programme - "Demystifying the Diversity Conundrum: The Road to Business Excellence" • 'The Day After Tomorrow' Webinar Series - "COVID-19 and Critical Supply Chains: Medical Services and Food" • 'The Day After Tomorrow' Webinar Series: "Managing by Freedom Within The Framework post COVID-19" • 'The Day After Tomorrow' Webinar Series: "Marketing For A New Normal"
Zainab binti Dato' Hj. Mohamed	• Bursa Malaysia – Workshop on Corporate Liability Provision (Section 17A) of the MACC Act 2009
Liew Jee Min @ Chong Jee Min	• Bursa Malaysia & ICDM – Corporate Governance Advocacy Programme - "Demystifying the Diversity Conundrum: The Road to Business Excellence" • Bursa Malaysia Thought Leadership Series – The Convergence of Digitisation and Sustainability • Bursa Malaysia Thought Leadership Series – Sustainability-Inspired Innovations: Enablers of the 21st Century
Ooi Kim Lai	• CeDR Corporate Consulting Sdn Bhd – Introduction to Corporate Liability Provision: Enforcement of Section 17A, MACC Amendment Act 2018 • Malaysian Accounting Standards Board (MASB) in collaboration with the International Accounting Standards Board (IASB) – Virtual Conference: Presentation of Financial Statements - A Change for Better Comparability and Transparency of Companies' Performance Reporting

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

The Board, after having undertaken an assessment, viewed that the Directors, having attended the Programmes and having been kept up-to-date with market developments and related issues as well as apprised with the Continuing Updates, had adequately met the training needs of each of the Directors towards enhancing their skills and knowledge to carry out their duties as a Director.

III. REMUNERATION

Level and Composition of Remuneration that Attract and Retain Talents

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

The Board delegates the oversight of the remuneration of the MD and the ED to the Remuneration Committee. The composition and the Terms of Reference of the Remuneration Committee are presented on page 33 of this Annual Report and are available on the Company's website for reference.

Remuneration Factoring in Individual and Company's Performance

Details of the remuneration of the Directors for the financial year ended 30 June 2020 are as follows:

	Fees RM'000	Meeting Allowance RM'000	Salaries & Bonuses* RM'000	Benefits-in-kind RM'000	Total RM'000
The Group					
Executive Directors					
Tan Sri Cheng Heng Jem	257	12	2,340	28	2,637
Cheng Hui Yen, Natalie	25	4	306	33	368
Non-executive Directors					
Zainab binti Dato' Hj. Mohamed	50	11	–	–	61
Liew Jee Min @ Chong Jee Min	45	11	–	–	56
Ooi Kim Lai	37	8	–	–	45
Tan Sri Abdul Rahman bin Mamat #	8	3	–	–	11
	422	49	2,646	61	3,178
The Company					
Executive Directors					
Tan Sri Cheng Heng Jem	50	4	108	–	162
Cheng Hui Yen, Natalie	25	4	–	–	29
Non-executive Directors					
Zainab binti Dato' Hj. Mohamed	50	11	–	–	61
Liew Jee Min @ Chong Jee Min	45	11	–	–	56
Ooi Kim Lai	37	8	–	–	45
Tan Sri Abdul Rahman bin Mamat #	8	3	–	–	11
	215	41	108	–	364

Notes:

* The salaries are inclusive of employer's provident fund and social security welfare contributions.
\# Resigned with effect from 1 September 2019.

EFFECTIVE AUDIT AND RISK MANAGEMENT

I. AUDIT COMMITTEE

Effective and Independent Audit Committee

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

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

During the financial year, the Audit Committee comprises 3 members, 2 of whom are independent Directors and all 3 members are financially literate. The Chairman of the Audit Committee is elected among the members of the Committee who is not the Chairman of the Board. The Terms of Reference and the main works undertaken by the Audit Committee for the financial year under review are set out in the Audit Committee Report on pages 26 to 31 of this Annual Report.

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

II. RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK

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

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

The Board fulfils its oversight function of risk management and internal control system via the Audit Committee. An approved Enterprise Risk Management ("ERM") Framework which was developed based on ISO31000 is in place and provides guidance to both the Board and Management on the risk management reporting structure and governance, processes, assessment methodologies and tools. The Management of key operating companies adopt and apply the prescribed methodologies to identify, evaluate, treat, control, track and report the Strategic, Business, Financial and Operational Risks based on the risk appetite set. In addition to the ERM Framework, the Group has in place an approved Compliance Framework for management of Compliance Risks which are recognised as part of Operational Risks under the ERM Framework.

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

An overview of the Board's responsibility, the state and descriptions of the key components of the Group's system of internal control which include the conduct of reviews by the Internal Audit Function, risk management and compliance management are set out in the Statement on Risk Management and Internal Control on pages 19 to 25 of this Annual Report.

Effectiveness of Governance, Risk Management and Internal Control System

The Board has established an Internal Audit Function within the Group to provide assurance on the effectiveness of risk, control and governance processes. Oversight of the Internal Audit Function is delegated to the Audit Committee to ensure that there are sufficient resources and internal audits are carried out objectively, effectively and independently. The Internal Audit Function is led by the Group Chief Internal Auditor who reports directly to the Audit Committee. The Internal Auditors attend all meetings of the Audit Committee. The Audit Committee's review of the scope of work, budget, reports by the Internal Audit Function and the detailed description of the Internal Audit Function are provided in the Audit Committee Report on pages 30 and 31 of this Annual Report.

The Internal Audit Function discharges its duties in accordance with internationally recognised framework and guidelines as described on page 21 in the Statement on Risk Management and Internal Control and pages 30 and 31 in the Audit Committee Report of this Annual Report.

INTEGRITY IN CORPORATE REPORTING AND MEANINGFUL RELATIONSHIP WITH STAKEHOLDERS

I. COMMUNICATION WITH STAKEHOLDERS

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

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

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

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

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

II. CONDUCT OF GENERAL MEETINGS

Participation by Shareholders and Informed Voting Decisions

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

The annual general meetings and other meetings of Shareholders are the principal forum for dialogue with Shareholders. Shareholders are provided with an opportunity to participate in the question and answer session at which Shareholders may raise questions regarding the proposed resolutions at the said meetings as well as on matters relating to the Group's businesses and affairs. The Chairman, the Board members, Management as well as the External Auditors are in attendance to respond to Shareholders' queries. The Chairman also shares with the Shareholders, the Company's responses to questions submitted in advance of the annual general meetings by the Minority Shareholders Watch Group. A summary of key matters discussed at the annual general meetings of the Company are published on the Company's website.

STATEMENT ON RISK MANAGEMENT AND INTERNAL CONTROL

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

- Statement on Risk Management & Internal Control: Guidelines for Directors of Listed Issuers;
- Corporate Disclosure Guide and Corporate Governance Guide (3rd Edition); and
- Bursa Malaysia Securities Berhad Main Market Listing Requirements.

Board Responsibility

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

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

Key Components of Internal Control System

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

1. **Integrity and Ethical Values**

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

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

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

2. Authority and Responsibility

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

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

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

  - Audit Committee
  - Nomination Committee
  - Remuneration Committee

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

3. Organisation Structure

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

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

4. Frameworks, Policies and Procedures

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

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

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

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

- A Group Sustainability Framework and Plan which provides the roadmap to enhance Governance and the management of the material Economic, Environmental and Social risks and opportunities as well as stakeholders engagement.

5. Planning, Monitoring and Reporting

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

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

6. Internal Audit

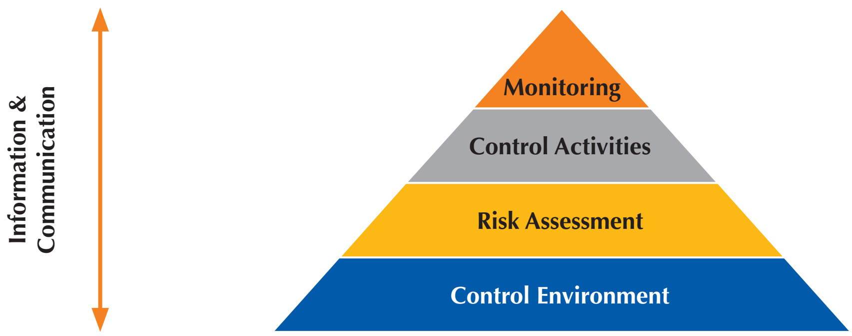
- Internal Audit Charter that is approved by the AC articulates the purpose, responsibility and authority of the GIA function as well as the nature of assurance activities provided by the function.

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

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

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

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



7. **Risk Management**

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

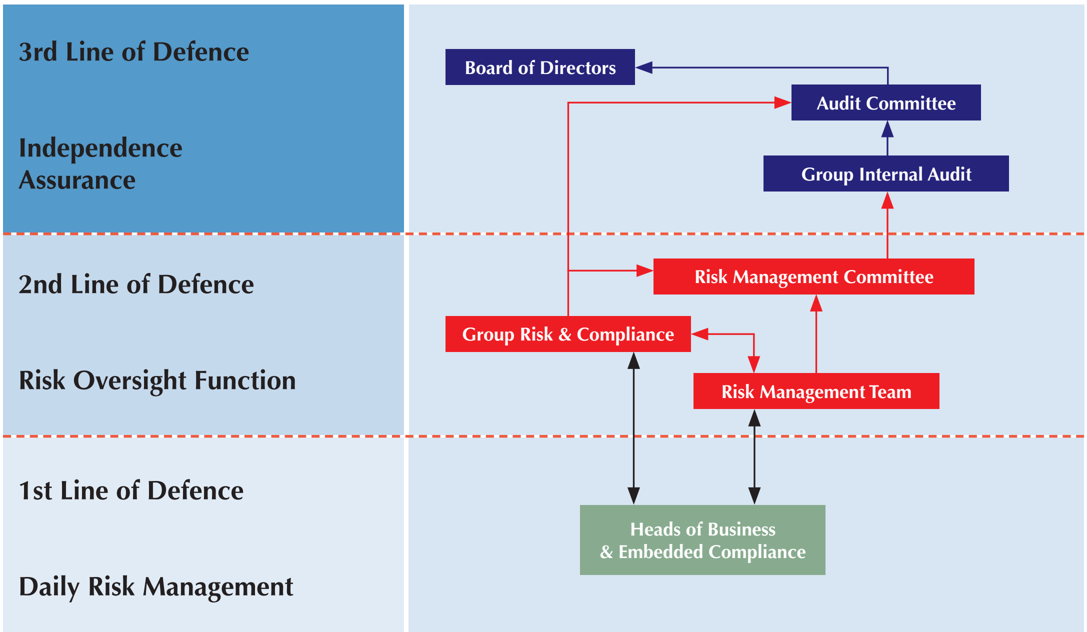
- The ERM Framework provides guidelines on the risk governance, risk management process, risk reporting and generic tools to be used by the Group. The design of the risk governance structure therein is premised on 3 lines of defence concept with clear functional responsibilities and accountabilities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

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

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

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

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



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

RISK UNIVERSE

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

8. Compliance Management

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

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

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

9. Safety and Hazards Management

- Operations and safety and hazards action plans of operating companies for business resilience and robustness in contingencies, crisis management and disaster recovery management.

- An Issues Management and Communication Policy and process established under the Corporate Communications Function to guide the handling of external communications in the event of any issue/crisis/disaster.

- In the wake of the COVID-19 pandemic, the Group has to ensure a safe and healthy workplace for all employees, on top of business continuity concerns. Workplace health and safety procedures and protocols as well as preventive measures to reduce the chances of infection during an outbreak are in place and communicated to employees and business associates. The implementation of the Movement Control Order by the Government required employees to Work From Home except for companies providing Essential Services, and remote working arrangements were implemented.

10. Information and Communication Technology/Management Information System

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

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

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

- As part of Lion Group's Cyber Security strategy, the Group has issued cyber security guidelines and related policies to be adopted by all its operating companies.

11. Insurance

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

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

12. Whistle-Blowing

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

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

Risk Management Process

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

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

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

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

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

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

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

Conclusion

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

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

Review by External Auditors

The External Auditors have performed limited assurance procedures on this Statement on Risk Management and Internal Control pursuant to the scopes set out in Audit and Assurance Practice Guide 3 ("AAPG 3"): Guidance for Auditors on Engagements to Report on the Statement on Risk Management and Internal Control included in the Annual Report issued by Malaysian Institute of Accountants for inclusion in the Annual Report of the Group for the financial year ended 30 June 2020, and reported to the Board that nothing has come to their attention that has caused them to believe the Statement on Risk Management and Internal Control intended to be included in the Annual Report has not been prepared, in all material respects, in accordance with the disclosures required by paragraphs 41 and 42 of the Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers, Corporate Disclosure Guide and Corporate Governance Guide (3rd Edition), nor is the Statement factually inaccurate.

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

AUDIT COMMITTEE REPORT

COMPOSITION

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

- **Members**

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

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

  Mr Ooi Kim Lai (Appointed as a member on 27 November 2019)
  (Non-Independent Non-Executive Director)

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

- **Secretaries**

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

- **Membership**

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

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

- **Meetings and Minutes**

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

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

TERMS OF REFERENCE

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

ACTIVITIES FOR THE FINANCIAL YEAR

During the financial year under review, 4 Audit Committee Meetings were held. The attendance of each member was as follows:

Name of Members	Attendance
Cik Zainab binti Dato' Hj. Mohamed	4/4
Mr Liew Jee Min @ Chong Jee Min	4/4
Mr Ooi Kim Lai	2/2*

Note:

* There were 2 meetings held subsequent to appointment.

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

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

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

- **Financial Results**

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

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

- **Internal Audit**

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

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

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

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

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

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

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

(g) Reviewed the Statement on Risk Management and Internal Control which provided an overview of the state of internal controls within the Group prior to the Board's approval for inclusion in the Annual Report. The Statement on Risk Management and Internal Control which had been reviewed by the External Auditors is set out on pages 19 to 25 of this Annual Report.

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

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

(i) Approved a budget of RM596,500 for the Internal Audit Function to effectively carry out its audit plan for the financial year ended 30 June 2020.

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

- **External Audit**

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

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

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

(d) Evaluated the performance and assessed the suitability, objectivity and independence of the External Auditors during the year in accordance with the policies and procedures in place, vide a set of questionnaires covering the calibre of the external audit firm; quality of processes and performance; skills and expertise including industrial knowledge; independence and objectivity; audit scope and planning; audit fees; and their communications with the Audit Committee. The Audit Committee had received from the External Auditors written confirmation on their independence which disclosed that they were not aware of any relationships or matters that, in their professional judgement, might reasonably be thought to bear on their independence and that they were independent in accordance with the By-Laws (On Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants.

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

(f) Reviewed and approved the non-audit fees in respect of services rendered by the External Auditors. The non-audit fees for the financial year ended 30 June 2020 amounted to RM71,000.

(g) Met with the External Auditors without executive Board members and Management twice, in May and August 2020 to discuss matters in relation to their review.

- **Compliance Management**

(a) Conformance to Group policies and procedures

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

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

- Monitoring on a half-yearly basis the scope of activities and status of implementation as driven and coordinated by the Group Risk and Compliance as set out in the Compliance Program/Work Plan for the financial year ended 30 June 2020.

- Developed for adoption by the Board, the Anti-Bribery and Corruption Policy ("ABC Policy") which reflects the Group's stand of zero tolerance against all forms of bribery and corruption, and its commitment to lawful and ethical conduct at all times, in line with Section 17A of the Malaysian Anti-Corruption Commission Act 2009 (Amendment 2018) which came into force on 1 June 2020.

- **Risk Management**

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

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

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

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

- **Related Party Transactions**

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

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

INTERNAL AUDIT FUNCTION

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

The Group Chief Internal Auditor, Mr Patrick Lee Chun Lim is a Fellow Member of the Association of Chartered Certified Accountants and a professional member of the Institute of Internal Auditors Malaysia with 20 years of internal audit experience in the field of manufacturing, building materials, semi-conductor, assembly of motorcycles, steel, mining and property development.

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

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

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

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

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

The GMA Department had also taken the lead role in the development of the ABC Policy for the Group together with the Anti-Bribery and Corruption Working Committee.

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

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

An annual assessment for evaluating the adequacy and effectiveness of the Internal Audit Function was carried out in 2020.

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

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

The total cost incurred in managing the Internal Audit Function of the Group for the financial year ended 30 June 2020 was RM449,881.

NOMINATION COMMITTEE

Chairman	:	Mr Liew Jee Min @ Chong Jee Min *(Independent Non-Executive Director)*
Members	:	Cik Zainab binti Dato' Hj. Mohamed *(Independent Non-Executive Director)* Mr Ooi Kim Lai *(Non-Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, candidates for directorships in Parkson Holdings Berhad • To consider, in making its recommendations, candidates for directorships proposed by the Chief Executive Officer and, within the bounds of practicability, by any other senior executive or any Director or major shareholder and from independent sources • To recommend to the Board, Directors to fill the seats on Board Committees • To assist the Board in reviewing on an annual basis, the composition, the required mix of skills, experience, diversity and other qualities, including core competencies which each individual Director including the independent non-executive Director should bring to the Board • To assess, on an annual basis, the effectiveness of the Board as a whole, the committees of the Board and the contribution of each individual Director, based on the process and procedure laid out by the Board • To review the induction and training needs of Directors • To consider other matters as referred to the Committee by the Board from time to time

NOMINATION COMMITTEE REPORT

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

Appointment to the Board and the Effectiveness of the Board

The Nomination Committee is responsible for identifying, evaluating and nominating suitable candidates with the necessary mix of skills, experience and competencies to be appointed to the Board and Board Committees to ensure the effectiveness of the Board and the Board Committees. As an enhancement to its current process, the Nomination Committee may also consider procuring suitable candidates from independent sources, when required. The Nomination Committee annually reviews and assesses the performance and the effectiveness of the Board and the Board Committees as well as individual Directors based on the criteria set out by the Board and according to the fulfilment of the respective Board Committee's Terms of Reference.

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

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

The Directors' mix of skills are set out in the respective profile under Directors' Profile on pages 5 to 7 of this Annual Report.

Activities of the Nomination Committee for the Financial Year

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

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

(i) Assessed and recommended for Board's consideration, the appointment of Mr Ooi Kim Lai as a member of the Audit Committee of the Company.

(ii) Reviewed and assessed the performance and the effectiveness of the Board as a whole and the Board Committees as well as the individual Directors and their independence based on the broad Fit & Proper, and Independence criteria using a set of quantitative and qualitative performance evaluation forms adopted by the Nomination Committee.

(iii) Reviewed and discussed the Board composition and in its endeavour to fulfil the recommended practice under the Malaysian Code on Corporate Governance ("MCCG"), recommended that a new independent Director be appointed in due course.

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

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

(vi) Reviewed the retirement by rotation of Y. Bhg. Tan Sri Cheng Heng Jem and Ms Cheng Hui Yen, Natalie and recommended their re-election for Board's consideration, which shall be tabled for approval of the Shareholders at the forthcoming 37th Annual General Meeting of the Company.

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

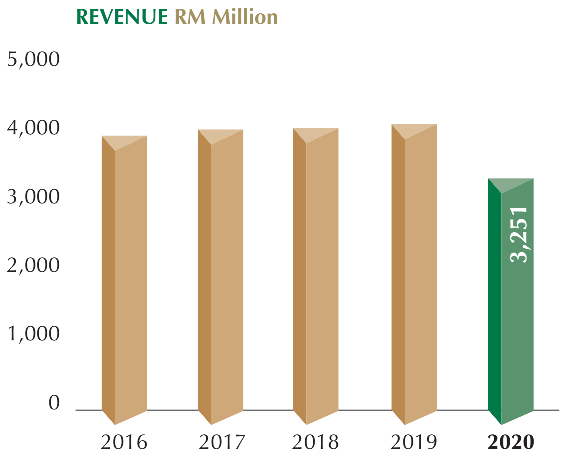
(viii) Approved and recommended for Board's consideration the Nomination Committee Report incorporating the Nomination Committee's activities for inclusion in the Annual Report.

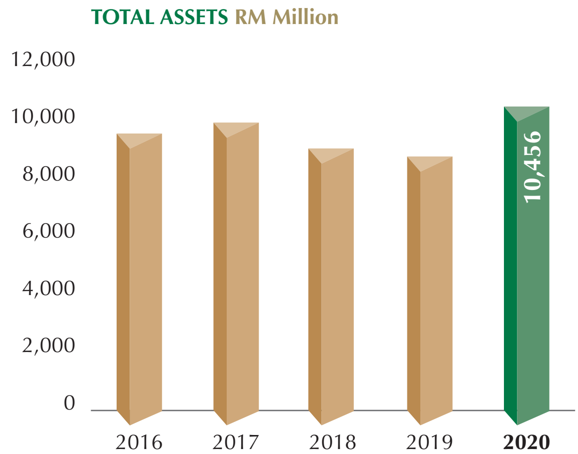
REMUNERATION COMMITTEE

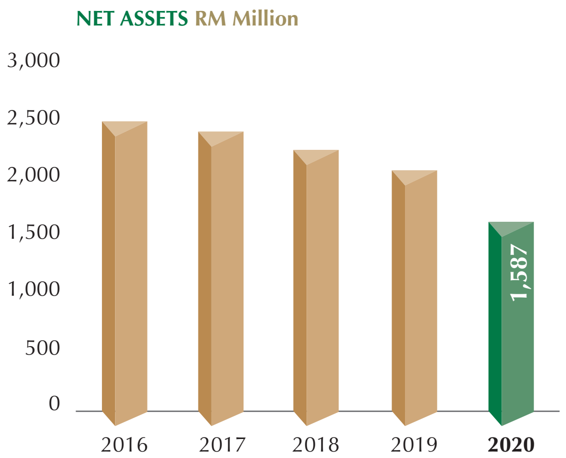
Chairman	:	Mr Liew Jee Min @ Chong Jee Min *(Independent Non-Executive Director)*
Member	:	Cik Zainab binti Dato' Hj. Mohamed *(Independent Non-Executive Director)*
Terms of Reference	:	• To recommend to the Board, the remuneration of the executive Directors in all its forms, drawing from outside advice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

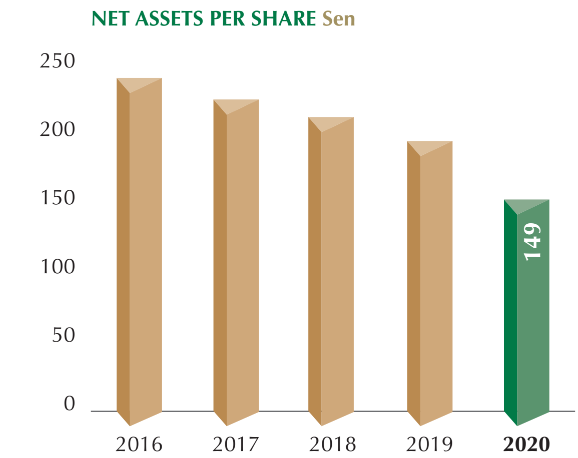
5 YEARS GROUP FINANCIAL HIGHLIGHTS

Financial years ended 30 June		2016	2017	2018	2019	2020
Gross sales proceeds	(RM'000)	12,037,479	11,629,182	11,092,191	10,453,601	**7,923,499**
Revenue	(RM'000)	3,884,082	3,964,024	3,981,735	4,032,665	**3,251,152**
Profit/(loss) before tax	(RM'000)	(89,718)	223,952	(82,910)	(24,135)	**(552,122)**
Loss after tax	(RM'000)	(162,333)	(113,411)	(169,757)	(152,268)	**(627,248)**
Net loss attributable to owners of the parent	(RM'000)	(95,741)	(120,898)	(99,439)	(129,184)	**(436,354)**
Total assets	(RM'000)	9,462,896	9,757,145	8,947,503	8,535,916	**10,455,546**
Net assets	(RM'000)	2,482,469	2,391,314	2,233,777	2,046,888	**1,586,944**
Total borrowings	(RM'000)	2,579,597	2,696,761	2,499,339	2,496,668	**2,031,366**
Loss per share	(Sen)	(8.9)	(11.3)	(9.3)	(12.1)	**(40.9)**
Net assets per share	(Sen)	238	224	209	192	**149**
Dividends:						
• Share dividend	(No. of shares)	1 for 20	–	–	–	**–**









PARKSON NETWORK, AS AT 30 JUNE 2020

CHAIRMAN'S STATEMENT

TAN SRI CHENG HENG JEM
Chairman

On behalf of the Board of Directors, I hereby present the Annual Report and Audited Financial Statements of Parkson Holdings Berhad ("Company" or "Group") for the financial year ended 30 June 2020.

FINANCIAL PERFORMANCE

The retail industry continued to face many challenges during the financial year under review. China's economic growth slowed in 2019 under multiple fronts of downward pressure including the prolonged trade tensions between China and the United States. The economic uncertainties have had Chinese consumers reconsider before making any spending decision. On the Southeast Asian front, the generally softer retail market sentiments had affected the sales of our local Parkson operations, whilst the saturated retail and competitive scenes continued to exert pressure on our operations in Vietnam and Indonesia.

The COVID-19 pandemic which first emerged as a China-centric shock in end of December 2019 has affected many parts of the world including countries where the Group operates in. The general prohibition of mass movement and the implementation of various health measures to curb the spread of COVID-19 have affected the footfall of our retailing stores, resulting in negative same store sales growth across the retailing regions.

Against such a backdrop, the Group registered the following operating results for the financial year under review:

- Revenue of RM3,251 million as compared to RM4,033 million in the previous year; and
- Operating profit of RM94 million as compared to RM89 million in the previous year.

CORPORATE DEVELOPMENT

The Company had on 15 October 2020 ("Announcement Date"), announced that it has triggered one of the prescribed criteria pursuant to Paragraph 8.04 and Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Main LR").

Nevertheless, the Company is not designated as a PN17 company and is not required to comply with the obligations of PN17 classification pursuant to the requirements of the Main LR for a period of 12 months from the Announcement Date, under the PN17 relief measures available to affected listed issuers granted by Bursa Securities pursuant to its letter dated 16 April 2020.

Upon the expiry of the 12 months from the Announcement Date, the Company will re-assess and announce whether it continues to trigger any of the prescribed criteria in PN17 of the Main LR.

PROSPECTS

The Group maintains a positive outlook on the retail industry in **China** despite the many challenges faced during the financial year under review including the slowing economy and the impact of COVID-19. With the effective control of the pandemic and the implementation of various measures to stimulate consumer spending, China's retail market has recovered gradually with consumer spending picking up steadily. The Group will continue to adopt an active and prudent strategy besides diversifying its business development by considering various operation models to widen its income sources to assist in the Group's long term and sustainable development.

The Group's operating environment in the **Southeast Asian** region is expected to remain challenging amid severe competition and the COVID-19 pandemic. The Group has, nevertheless, taken various measures to weather the impact of the pandemic as well as the challenges ahead. Much emphasis will be placed on cost containment, improving stores' productivity and optimising operational efficiency to improve the results.

APPRECIATION

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

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

TAN SRI CHENG HENG JEM
Chairman

PENYATA PENGERUSI

Bagi pihak Lembaga Pengarah, saya dengan ini membentangkan Laporan Tahunan dan Penyata Kewangan Beraudit Parkson Holdings Berhad ("Syarikat" atau "Kumpulan") bagi tahun kewangan berakhir 30 Jun 2020.

PRESTASI KEWANGAN

Industri runcit terus berdepan dengan pelbagai cabaran sepanjang tahun kewangan dalam kajian. Ekonomi China berkembang pada kadar perlahan pada tahun 2019 selepas mengalami pelbagai tekanan yang menyekat pertumbuhannya termasuk pertikaian perdagangan yang berlanjutan antara negara itu dengan Amerika Syarikat. Dalam keadaan ekonomi yang tidak menentu, pengguna-pengguna di China mengambil langkah berfikir dua kali sebelum memutuskan untuk berbelanja. Di Asia Tenggara, sentimen pasaran runcit yang secara amnya lemah telah menjejaskan operasi tempatan gedung-gedung Parkson kita manakala keadaan pasaran yang tepu dan bersaing sengit turut memberi tekanan kepada operasi kita di Vietnam dan Indonesia.

Pandemik COVID-19 yang awalnya dianggap sebagai kejutan yang berpusat di China pada akhir bulan Disember 2019 telah menular ke segenap pelosok dunia termasuk ke negara-negara di mana Kumpulan beroperasi. Larangan umum terhadap pergerakan awam dan pelaksanaan pelbagai langkah kawalan kesihatan untuk mengekang penyebaran COVID-19 telah menjejaskan kunjungan pelanggan ke gedung-gedung runcit kita, mengakibatkan pertumbuhan jualan yang negatif di seluruh operasi.

Di sebalik perkembangan ini, Kumpulan telah mencatatkan prestasi operasi berikut bagi tahun kewangan dalam kajian:

- Pendapatan sebanyak RM3,251 juta berbanding RM4,033 juta pada tahun sebelumnya; dan
- Keuntungan operasi sebanyak RM94 juta berbanding RM89 juta tahun sebelumnya.

PERKEMBANGAN KORPORAT

Pada 15 Oktober 2020, ("Tarikh Pengumuman"), Syarikat mengumumkan bahawa pihaknya telah mencetuskan kriteria yang tertakluk kepada Perenggan 8.04 dan Nota Amalan 17 ("PN17") daripada Syarat-syarat Penyenaraian Pasaran Utama Bursa Malaysia Securities Berhad ("Bursa Securities") ("Syarat-syarat PU").

Namun begitu, Syarikat tidak diklasifikasikan sebagai sebuah syarikat PN17 dan tidak diminta mematuhi kewajiban klasifikasi PN17 menurut keperluan Syarat-syarat PU untuk jangka masa 12 bulan daripada Tarikh Pengumuman, di bawah langkah-langkah pelepasan PN17 yang disediakan oleh Bursa Securities kepada penerbit-penerbit tersenarai yang terjejas berdasarkan suratnya yang bertarikh 16 April 2020.

Setelah tamat tempoh selama 12 bulan dari Tarikh Pengumuman, Syarikat akan menilai semula keadaannya dan mengumumkan sama ada terus mencetuskan mana-mana kriteria yang ditetapkan dalam Syarat-syarat PU PN17.

PROSPEK

Kumpulan masih mempunyai pandangan yang positif terhadap industri runcit di **China** walaupun berdepan dengan pelbagai cabaran dalam tahun kewangan ini termasuk pertumbuhan ekonomi yang perlahan dan kesan daripada penularan COVID-19. Melalui kawalan pandemik yang efektif dan pelaksanaan pelbagai langkah bagi menggalakkan pengguna berbelanja, pasaran runcit China telah pulih secara beransur-ansur dan perbelanjaan pengguna semakin meningkat dengan stabil. Kumpulan akan terus menerapkan strategi yang aktif dan berhemah selain mempelbagaikan kemajuan perniagaannya dengan menimbang pelaksanaan pelbagai model operasi dalam usaha meluaskan sumber-sumber pendapatan bagi pembangunan jangka panjang dan kemampanan Kumpulan.

Persekitaran operasi Kumpulan di rantau **Asia Tenggara** dijangka terus mencabar berikutan persaingan yang sengit dan kesan buruk pandemik COVID-19. Walau bagaimanapun, pelbagai langkah telah diambil di peringkat pengurusan Kumpulan untuk mendepani impak pandemik dan juga cabaran yang ada di hadapan. Lebih banyak penekanan diberikan kepada pengawalan kos, meningkatkan produktiviti gedung jualan dan mengoptimumkan kecekapan operasi bagi menambah baik hasil kewangan.

PENGHARGAAN

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

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

TAN SRI CHENG HENG JEM
Pengerusi

主席报告

我谨代表董事部，提呈百盛控股有限公司截至2020年6月30日会计年度的常年报告和经审核财务报表。

财务表现

在本会计年度，零售业继续面对许多挑战。在多重下行压力之下，包括中国和美国之间长期的贸易紧张局势，中国在2019年的经济成长缓慢下来。经济的不确定性，使到中国的消费者在进行任何开支决定之前三思。在东南亚，零售市场气氛普遍疲软，影响到我们本地百盛业务的销售，而饱和的零售和竞争形势继续对我们在越南和印尼的业务构成压力。

在2019年12月底首次在中国爆发的2019冠状病毒（“COVID-19”）疫情影响到世界各地，包括本集团营业的国家。各国政府为了抑制COVID-19的传播，一般上采取禁止群众活动以及执行各种卫生措施，影响了我们零售商店的客流量，导致各零售地区的同店销售出现负增长。

在这样的背景之下，在本会计年度，本集团取得以下的业绩：

- 营业额共32亿5千100万令吉，上一个会计年度是40亿3千300万令吉；和
- 营业利润共9千400万令吉，上一个会计年度是8千900万令吉。

企业发展

本公司于2020年10月15日（“公告日期”）宣布，本公司触发马来西亚证券所主板市场（“大马交易所”）上市条例（“主板上市条例”）第8.04条和Practice Note 17条例（“PN17”）的其中一项规定标准。

根据大马交易所于2020年4月16日的信中授予受影响上市公司的PN17宽限措施，本公司自公告日期起12个月内将不被列为PN17公司，也豁免遵守主板上市条例的PN17分类的义务。

自公告日期起12个月届满后，本公司将重新评估并宣布是否继续触发任何主板上市条例和PN17条例。

展望

尽管本会计年度面临许多挑战，包括经济放缓和COVID-19疫情的影响，但本集团对**中国**零售业的前景仍然乐观。随着有效的控制疫情以及执行各种措施以刺激消费者开支，中国的零售市场逐渐复苏，消费者开支稳步回升。本集团除了考虑多种营运模式以扩大收入来源以帮助集团的长期和可持续发展外，也将继续采取积极和审慎的战略，以实现业务多元化发展。

在激烈竞争和COVID-19疫情流行中，本集团在**东南亚**地区的营业环境预计将充满挑战。尽管如此，本集团还是采取了各种措施以抵御疫情所带来的不利影响以及未来的挑战。我们将着重控制成本，以提高店面生产率并优化营运效率以改善业绩。

鸣谢

我谨代表董事部，真诚感谢我们所有尊贵的股东、客户、供应商、融资机构、商业伙伴以及政府机构，感谢他们在充满挑战的时期，继续给予本集团支持、合作和信心。

我也要感谢董事们，一年来给予宝贵的指导、支持与奉献。最后，我要衷心感谢我们的管理层和职员对本集团的奉献、承诺与贡献。

主席
丹斯里锺廷森

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND OPERATIONS

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

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

The businesses of the Group are spearheaded by Parkson Retail Group Limited ("PRGL"), listed on The Stock Exchange of Hong Kong Limited, which operates and manages 41 retail stores in China; and Parkson Retail Asia Limited, listed on the Singapore Exchange Securities Trading Limited, that houses 61 retail stores in Southeast Asia.

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

	Number of Stores	
As at 30 June	**2020**	**2019**
Malaysia	**42**	42
China	**41**	44
Vietnam	**4**	4
Indonesia	**15**	15
	102	105

OVERVIEW

Consolidated Statement of Profit or Loss	2020 RM Million	2019 RM Million	Change
Gross sales proceeds	**7,923**	10,454	-24%
Revenue	**3,251**	4,033	-19%
Operating profit	**94**	89	6%
Loss before tax	**(552)**(#)	(24)	->100%
Consolidated Statement of Financial Position			
Total assets	**10,456**	8,536	22%
Deposits, cash and bank balances	**1,754**	2,501	-30%
Total liabilities	**7,832**	5,225	50%
Total borrowings	**2,031**	2,497	-19%
Net assets	**1,587**	2,047	-22%

(#): Without the impact of Malaysian Financial Reporting Standard 16: Leases ("MFRS 16"), the Group would have recorded a loss before tax of RM314 million for the financial year ended 30 June 2020 ("FYE 2020").

For the FYE 2020, the Group generated a lower gross sales proceeds of RM7,923 million with revenue decreasing by 19% to RM3,251 million, attributed mainly to the adverse impact of the COVID-19 pandemic, coupled with the generally softer retail market sentiments across the Group's retailing regions.

Overall, the Group posted a loss before tax of RM552 million for the FYE 2020 which included impairment losses on assets and receivables totalling RM242 million. The adoption of MFRS 16 which requires lessees to account for leases on the statement of financial position, had a negative impact to the reported performance for the FYE 2020. The new accounting standard had resulted in a higher charge of expenses in the initial years of the lease, with decreasing impact in the latter part of the lease term. Without the impact of MFRS 16, the Group would have recorded a loss before tax of RM314 million for the FYE 2020.

With MFRS 16 requiring lessees to account for leases on the statement of financial position, the Group recognises liabilities to pay rental (lease liabilities) with the corresponding assets representing the right to use the underlying assets during the lease term (right-of-use assets). This has resulted in the Group's total liabilities and total assets increasing by 50% to RM7,832 million and 22% to RM10,456 million respectively as at 30 June 2020. Deposits, cash and bank balances stood at RM1,754 million, a reduction of 30% from balances as at 30 June 2019 of RM2,501 million, primarily due to repayment to creditors and suppliers, and net repayment of the Group's borrowings. The Group's net assets stood at RM1,587 million or RM1.49 per share (2019: RM2,047 million or RM1.92 per share).

REVIEW OF OPERATIONS

Malaysia

	Financial year ended 30 June	
	2020	**2019**
Number of stores	**42**	42
Revenue (RM Million)	**705**	1,024
Segment profit (RM Million)	**5**	5

For the financial year under review, Parkson Malaysia reported a lower revenue of RM705 million compared with RM1,024 million a year ago. Since the beginning of year 2020, our local retailing operations began to experience sales decline following concerns over the COVID-19 pandemic and all our retailing stores were closed after the nationwide Movement Control Order was imposed on 18 March 2020. While retailing operations have been allowed to operate from 4 May 2020, productivity of stores located at tourist zones continued to be affected due to the drastic drop in foreign tourists arrivals.

During the financial year under review, Parkson Malaysia set up a new Parkson store at the *Angsana Johor Bahru Mall* and shuttered a store in Kuala Lumpur after due consideration. Parkson Malaysia has 42 stores as at 30 June 2020.

The Group's operating environment is expected to remain challenging amid the competition and the COVID-19 pandemic. In view of the strict social distancing measures continuing to be enforced, Parkson Malaysia had been leveraging technology with Last Mile Delivery providers to gain access to customers to improve the productivity of the stores. More emphasis will be placed on cost containment, improving stores' productivity and optimising operational efficiency to improve the results.

China

	Financial year ended 30 June	
	2020	**2019**
Number of stores	**41**	44
Revenue (RM Million)	**2,355**	2,721
Segment profit (RM Million)	**137**	167

Parkson China recorded a decline in revenue by 13% to RM2,355 million compared with RM2,721 million a year ago. Amid the continuous market changes and fierce competition, the rapid spread of COVID-19 has further affected the performance of our retailing stores especially in the March 2020 quarter. The implementation of strict measures in public areas to prevent the spread of the pandemic such as restriction on customer traffic and shortening of operating hours, have inevitably dented the footfall of our stores. The Group, nevertheless, has adopted several cost control measures to reduce the impact of COVID-19. For the FYE 2020, a lower operating profit of RM137 million was reported.

In efforts to uphold the Group's strong reputation and image in China, focus will be on expanding its retail portfolio while implementing flexible and diverse strategies, besides promoting sustainable development with multi-business portfolio, and strengthening online and social network services to enhance customer experiences.

- **Expand retail portfolio with flexible and diverse strategies**

  With implementation of tactics namely "Multiple Stores in a City" and "Differentiated Market Positioning", the Group has opened *Nanchang Bayiguan Parkson* in Nanchang City, Jiangxi Province in January 2020, located next to *Nanchang Zhongshan Road Parkson*, underpinning its differentiated market positioning and synergies in promoting diversified retail and strategic market segmentisation.

  As at 30 June 2020, the Group has a network coverage of 41 stores in 27 cities across China. To further expand its network, the Group launched a store in Tongren City, Guizhou Province subsequent to the financial year end. The Group is setting up *Wuzhou Sankee Parkson*, which will be the Group's fourth store in the Guangxi Zhuang Autonomous Region; and is planning for its second department store in Datong City, Shanxi Province.

  The Group is also actively looking for new business partners to expand the Parkson brand through stronger alliance and hence, in March 2020 has cooperated with Jinjin Changfa Group, a well-known commercial brand in Suzhou City, Jiangsu Province to comprehensively upgrade and renovate Suzhou Changfa Commercial Building. The project is expected to be launched with a new outlook for "Parkson Changfa Hui" in integrating leading fashion lifestyle retail concepts and Suzhou lifestyle to meet the needs of different consumer groups with the ultimate aim of becoming a new benchmark of "Business, Tourism and Culture" in Gusu District.

- **Promote sustainable development with multi-business portfolio**

  Over the years, the Group is devoted to continuously attracting new customers while maintaining the regular ones with diversified product combinations and optimising consumption experiences for customers. This has led to the introduction of more international beauty brands and carrying out a variety of operations to achieve stable development and gain customers' continuous favour and support.

  Even though the beauty segment has also been unavoidably affected by the global pandemic to some extent, our *Parkson Beauty* has recovered speedily and recorded stable sales growth with the Group's timely adjustment on business strategies to integrate the online and offline sales channels. The Group will continue to promote its brand image and popularity through different marketing promotions, so as to progressively expand its market share in the fashion and beauty segments.

In order to achieve efficient use of resources, the Group has been streamlining its *Fuxingmen Parkson* in Beijing and is converting the North Building, the Group's self-owned property into an office building for rental. The Group believes that the advancements in the renovation project which is estimated to be completed in the beginning of 2021 can meet the increasing office rental demand and generate continuous stable rental income for the Group.

- **Strengthen online and social network services to improve customer experience**

  The Group is striving to seize new opportunities offered by e-commerce and improve its "Online + Offline" new sales mode actively. The Group has taken various measures to stimulate consumption and drive the growth of offline retail business through promotions on various online channels including Parkson's official Wechat account and mobile shopping mini-program, so as to improve customers' enthusiasm for consumption. At the same time, the Group is taking this opportunity to attract more customers to visit Parkson stores for a better shopping experience.

The Group maintains a positive outlook on the retail industry in China despite the many challenges faced during the FYE 2020 including the slowing economy and the impact of COVID-19. With the effective control of the pandemic and the implementation of various measures to stimulate consumer spending, China's retail market has recovered gradually with consumer spending picking up steadily. The Group will continue to adopt an active and cautious strategy whilst exploring various operation models to diversify and broaden its income sources, in order to drive the Group's long term and sustainable development.

Vietnam

	Financial year ended 30 June	
	2020	**2019**
Number of stores	**4**	4
Revenue (RM Million)	**34**	62
Segment profit/(loss) (RM Million)	**7**	(24)

During the financial year under review, amid the increasingly competitive retail scene, our Vietnam operations also faced challenges due to the impact of the COVID-19 pandemic. The execution of social distancing policies to combat the spread of the virus had led to a drop in shopper traffic, resulting in a lower revenue of RM34 million. Included in the operating profit for the FYE 2020 was income from subleasing of RM32 million. Excluding this one-off income, the operations would have recorded an operating loss of RM25 million.

The fresher façade of *Parkson Saigon Tourist Plaza*, after the completion of its major renovation in end 2019, had drawn in a steady base of large-scale tenants, including *Uniqlo and Muji*, creating a new favourite shopping destination and unique shopping experience for customers. The store, while receiving good visitor traffic, will continue to take steps to satisfy customers with its quality products and excellent services.

As at 30 June 2020, the Group has 4 stores in Vietnam. The Group will continue to take keen measures to monitor and assess the viability of its stores, so as to remain relevant despite the intense competition brought on by the influx of retail players.

Indonesia

	Financial year ended 30 June	
	2020	**2019**
Number of stores	**15**	15
Revenue (RM Million)	**96**	144
Segment loss (RM Million)	**(20)**	(22)

Our Indonesia operations experienced a challenging retail environment with the generally lower consumer spending sentiment for the FYE 2020. The surge in the COVID-19 cases in the second half of the financial year under review has brought further major disruptions to our operations. Shoppers traffic and sales were significantly reduced following the imposition of large-scale social restrictions in major cities like the greater Jakarta area, and the strict restrictions on inbound tourism and foreign visitors. Measures aimed at curbing the pandemic have further battered this year's Ramadan festive shopping. Accordingly, a lower revenue of RM96 million was reported as compared with RM144 million a year ago with an operating loss of RM20 million.

The Group owned and operated 15 stores in Indonesia as at 30 June 2020. Subsequent to the financial year end, the Group closed *Parkson St Moritz*, an underperforming store in Jakarta as part of its efforts to maximise productivity.

The Group continues to exercise caution in managing its overall business while undertaking various cost-containment measures in response to the protracted challenging retail environment.

Others

	Financial year ended 30 June	
	2020	**2019**
Revenue (RM Million)	**61**	81
Segment loss (RM Million)	**(34)**	(37)

Results of this Division were mainly derived from consumer financing business, operation of F&B business and investment holding. A lower revenue was recorded for the FYE 2020 attributable to the closure of few loss-making F&B outlets and food courts.

The Group's consumer financing business carried out by *Parkson Credit* has shown considerable progress for the FYE 2020 despite the challenging operating environment. *Parkson Credit* will continuously strive to maintain its mission to provide more choices, better value, excellent service and convenience to its customers and to assure the market of its support in boosting economic activities with responsible financing to customers via its Syariah-based products. The future looks promising for *Parkson Credit* as it continues to embark on other opportunities and new ventures to create greater value for its customers, business partners and network of dealers, in tandem with its strategy to increase its local footprint.

On the F&B business, the Group had closed down several loss-making outlets and exited the food courts business as part of its rationalisation of operations. The *Hogan Bakery* operations, in spite of the improving operating efficiencies during the financial year under review, had experienced reduction in footfall due to the COVID-19 pandemic. Moving forward, the Group will continue to closely monitor and assess the viability of the remaining F&B outlets and to maximise the productivity of its bakery operations.

SUSTAINABILITY STATEMENT

The Group has embraced the values of corporate responsibility and elements of sustainability management since the early days of its operations. This Sustainability Statement provides an overview of our sustainability practices for the financial year ended 30 June 2020 ("FYE 2020") in the areas of Environmental, Social and Governance ("ESG") practices. We are committed to monitoring our performance relating to material sustainability issues and making efforts for continuous improvement.

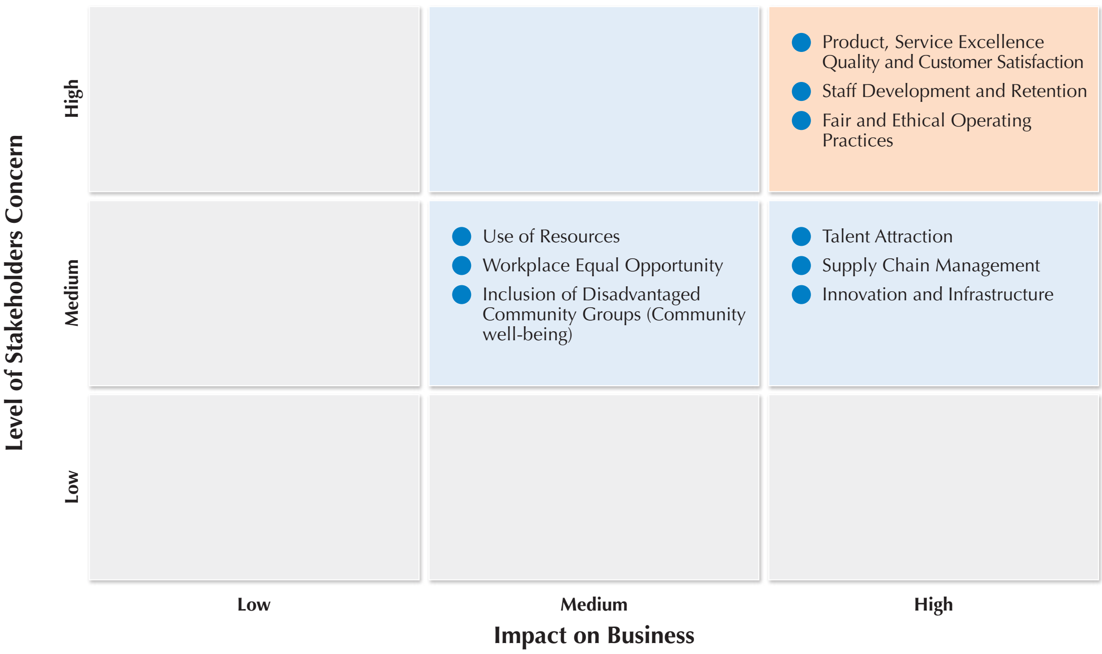
MATERIALITY

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

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

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

Group Materiality Matrix



SUMMARY OF ESG MATERIAL TOPICS

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

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

Material Topics, Impacts and Management Approach and Goals

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

Material Topics	Where the Impacts Occur	Our Involvement	Management Approach and Goals
Marketplace (Governance)			
Fair and Ethical Operating Practices	Groupwide	Direct	• Zero-tolerance against fraud, corruption and unethical practices. • Whistleblowing policy.
Product, Service Excellence Quality and Customer Satisfaction	Groupwide, department stores, F&B outlets, financial services business and customer touch points	Direct	• Enriching customers' experience. • Continuous training for servicing personnel. • Proper handling of customers' feedback. • Safeguarding customers' privacy. • Adhering to food safety regulations. • ISO-certified and Syariah-based financing services. • Parkson Card loyalty programme.
Innovation and Infrastructure	Groupwide	Direct	• Implementation of LionPeople Global HR Information System • Acceptance of eWallet payment. • Implementation of B2B vendor online portal.
Supply Chain Management	Groupwide and suppliers/ vendors	Indirect	• Drive responsible business practices across our supply chain through vendor selection process, and vendors' periodic acknowledgement of their commitment to the Group's Vendor Code of Conduct.

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

ENVIRONMENT

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

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

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

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

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

- **Digitisation to Reduce Use of Paper**

  We acknowledge that the environmental impact of paper usage is significant and need to avoid unnecessary paper consumption and waste generation. We are encouraging greater use of digitisation and the usage of electronic means such as email, internet, WhatsApp and other social media platform as efficient alternative modes of communication with our customers and suppliers, and including intranet for our day-to-day internal operations, and to use recycled paper for printing as far as possible.

WORKPLACE

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

- **Talent Attraction**

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

- **Staff Development and Retention**

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

- **Rewards and Performance**

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

- **Safety & Health in the Workplace**

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

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

- **Employee Engagement and Work-Life Balance**

  We espouse the requirement to engage and listen to our employees in order to create a conducive, happy and productive workplace. We create forums to enable effective employee engagement such as town-halls, "lunch & learn", festive open houses, sports and recreation activities/pursuits. Such engagements address both work and social requirements of our employees leading to a healthy work-life balance which proves to be an important factor for recruitment and retention of employees. The Group strives to provide a working environment that promotes work-life balance for its employees comprising the above elements as well as organising various healthy lifestyle campaigns and programmes to promote healthier living.

COMMUNITY

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

Empowerment through Education

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

Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at Lion Group of companies during their semester breaks to prepare them for working in the corporate world. In FYE2020, the Foundation awarded scholarships worth RM10,000 per annum to 10 students based on their academic performance, extra-curricular activities and leadership qualities. Todate, 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 yearly Lunar New Year Calligraphy Exhibition and Charity Sale since 2010 had 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 former 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. The Foundation is also assisting organisations that are geared towards helping the less fortunate to achieve a better life, including sponsoring community health programmes such as medical camps and donation of dialysis machines.

Approximately RM9.2 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 Organisations (NGOs) to provide subsidised treatment to those suffering from kidney failure.

Other Charitable Causes

Parkson Credit Sdn Bhd ("Parkson Credit") played its part in giving back to the community by organising a blood donation campaign in partnership with Pusat Darah Negara in December 2019. A total of 64 pints of blood was collected during the campaign.

In May 2020, the Foundation handed over a total contribution of RM30,000 in 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.

Todate, a total of RM48.8 million has been contributed to various charitable causes championed by the Foundation.

MARKETPLACE

(i) Customer Satisfaction And Experience

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

- **Enriching In-Store Experience**

  We strive to provide wholesome shopping experience to our customers by incorporating lifestyle elements such as cafes, bakeries, saloons and children playgrounds in some of our stores. In addition, we carry out various activities such as festive celebration party, cooking class, fashion show and many other interesting events at our stores. These activities provide value-add to our customers, while at the same time serve as a platform for us to engage with and better understand our customers.

  In response to the growing Chinese tourist arrivals, we now accept payment via eWallet (i.e. AliPay and UnionPay), deploy Mandarin-speaking frontline personnel and have in-store marketing information in Mandarin at certain stores with high tourist traffic.

- **Product Responsibility**

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

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

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

- **System Efficiency**

  We strive to achieve the highest efficiency in our operating systems and technology to support our daily business activities across our Group; where our IT resources provide daily support services to ensure our systems run smoothly and are risk-protected. We also ensure that the connectivity with our subsidiaries and business partners through emails, mobile and web-based communications are maintained and risk-protected at all times. Continuous constructive feedback and suggestions have enabled our IT resources to improve and fine-tune business processes and upgrade specific IT facilities to provide quality and timely services.

- **Supply Chain Management**

  The Group incorporates sustainability considerations such as fair labour practices and safety requirements in our vendor selection process. Subsequently, all our registered vendors are required to acknowledge their commitment to the Vendor Code of Conduct periodically.

  The Vendor Code of Conduct serves to inform our vendors of their role and contribution as a key business partner and on the need to comply with all rules and regulations including health, safety and labour standards, avoid conflict of interest, conserve the environment, and notify the Group of any breaches or non-conformance.

- **Parkson Card Loyalty Programme**

  Our Parkson Card loyalty programme has enabled us to devise targeted promotions and events catering to the preference of our members. In addition, Parkson Card is accepted in all countries where we have operations, and is supported by a wide range of our merchant partners. The cross border benefits that all members enjoy are the discounts ranging from 5% to 6% depending on their membership tiers. As at 30 June 2020, we have a total of 2.1 million Parkson Card members.

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

- **Store Visits**

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

- **Continuous Training for Servicing Personnel**

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

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

- **Customer Feedback**

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

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

- **Customer Privacy**

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

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

- **Innovation and Infrastructure**

  We continue to embrace technology in our pursuit to better serve our customers as well as to improve our processes. Among the measures adopted are:

  - Acceptance of eWallet payment at selected Parkson stores
  - Implementation of B2B vendor online portal to facilitate vendors' management process
  - Implementation of LionPeople Global HR Information System to streamline our people management process

(ii) Ethical And Responsible Business Practices

- **Anti-Corruption**

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

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

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

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

Tel No.	:	603-3344 2882 ext. 3900
Email	:	whistleblowing@parkson.com.my
Fax No.	:	603-3344 2889
Address	:	Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan

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

COVID-19 RESPONSE

Following the global outbreak of COVID-19, the Group has put in place various precautionary measures recommended by the Malaysia Ministry of Health. The initiatives include strict site protocols for hygiene and social distancing; cleaning and disinfecting workplaces, temperature screening and contact tracing record at all entrances, and providing face masks to employees and hand sanitisers to employees and visitors to all our offices. We have also reduced non-essential travel and meetings are conducted via video conferencing technology.

At our department stores and F&B outlets, all employees and shoppers are required to wear face masks and observe the COVID-19 protocols at all times.

Parkson Credit's business operations are predominantly digital, hence the lockdown during the MCO only affected its operations minimally. With the ability to conduct business online, the majority of Parkson Credit's operations can still be carried on from home without any major interruption. Parkson Credit's crisis management team is tasked to monitor all potential threats arising from the COVID-19 pandemic as well as other risks, to ensure operations are not affected and are fully adhering to the SOPs laid down by the authorities.

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

STAKEHOLDER ENGAGEMENT

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

Stakeholder Group	Stakeholders Expectation	Communication Channel/Platform
Employees	• Learning and development • Respect and recognition • Job satisfaction • Pay and benefits	• Meetings • Training programmes • Internal newsletter • Performance appraisals • Staff gatherings and other engagement channels
Customers	• Price promotion • Convenience and experience • Engaging, knowledgeable personnel • Responsible financing	• Face-to-face interaction through service channels • Communication through Customer Service Department and Corporate Communications Department • Feedback through website, e-mail, social media platform • Sales, promotions, road shows and related events • In-Store information
Suppliers/Vendors	• Long term partnership • Financial resilience • Sustainable business growth • Experienced management team	• Liaison with suppliers before sourcing and engaging with contract managers • Meetings, business alliance events/ meetings • Vendor service/support channel

Stakeholder Group	Stakeholders Expectation	Communication Channel/Platform
Shareholders and investors	• Good governance • Sustainable business growth • Disclosure and transparency	• Investor relations channel and meetings • Annual General Meeting • Quarterly reports, Annual Report
Government and regulators	• Regulatory compliance	• Meetings and events
Local communities	• Responsible corporate citizen • Support for social causes	• Activities and sponsorships by the Group and Lion-Parkson Foundation
Media	• Response to media enquiries and requests for interviews • Long term engagement	• Media releases, media statements and interviews • Advertisements • Media invitations and sponsorships
Industry Associations	• Support for mutual interests • Parkson is a member of the Malaysia Retailers Association (MRA), Malaysia Retail Chain Association (MRCA) as well as the Inter Continental Group of Department Stores (IGDS) • Parkson Credit is a member of Credit Sale Companies Association	• Meetings and events

FINANCIAL STATEMENTS

2020

For The Financial Year Ended 30 June 2020

DIRECTORS' REPORT

The Directors hereby present their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2020.

PRINCIPAL ACTIVITIES

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

RESULTS

	Group RM'000	Company RM'000
Loss for the financial year	(627,248)	(583,779)
Loss for the financial year attributable to:		
Owners of the parent	(436,354)	(583,779)
Non-controlling interests	(190,894)	–
	(627,248)	(583,779)

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

In the opinion of the Directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature, other than, in respect of the Group, gain on disposal of a property amounting to RM26,143,000, impairment losses on property, plant and equipment, an investment property, right-of-use assets, land use rights, intangible assets and receivables amounting to a total of RM241,736,000.

DIVIDEND

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

ISSUES OF SHARES AND DEBENTURES

The Company did not issue any new shares or debentures during the financial year.

DIRECTORS

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

Tan Sri Cheng Heng Jem	
Cheng Hui Yen, Natalie	
Zainab binti Dato' Hj. Mohamed	
Liew Jee Min @ Chong Jee Min	
Ooi Kim Lai	
Tan Sri Abdul Rahman bin Mamat	(Resigned with effect from 1 September 2019)

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

Au Chen Sum	
Cai Hao Ying	
Chai Woon Chew	
Chang Chae Young	
Cheng Hui Yen, Natalie	
Cheng Hui Yuen, Vivien	
Cheong Tuck Yee	
Chong Cheng Tong	
Chong Sui Hiong	
Chuah Say Chin	
Da Min	
Dato' Fu Ah Kiow	
Dato' Sri Dr. Hou Kok Chung	
Gui Cheng Hock	
Haji Mohamad Khalid bin Abdullah	
Hu Da Zhi	(Appointed on 27 September 2019)
Huang Li Min	
Jin Chun Xu	
Juliana Cheng San San	
Ko Desmond	
Koong Lin Loong	(Appointed on 2 January 2020)
Lee Whay Keong	
Li Bing	
Li Cheng	
Liew Yoo Fong	(Appointed on 1 April 2020)
Loh Chai Hoon	
Low Kim Tuan	
Ma Li	
Michael Chan Foong Wee	
Ng Ho Peng	
Ng Tiak Soon	
Nie Ru Xuan	
Norman Siu Yong Ching Jr	
Ooi Kim Lai	
Poh Wan Chung	
Pong Yuet Yee	
Pun Chi Tung, Melvyn	

DIRECTORS (continued)

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

Qiu Jian	(Appointed on 15 October 2019)
Tan Boon Heng	
Tan Guan Soon	
Tan Kim Kee	
Tan Sri Cheng Heng Jem	
Wang Wing Ying	
Wang Xiu Min	
Xie Hua	
Xiu Jun	
Yau Ming Kim, Robert	
Yu KaiYan	
Yuan Xiao Yu	
Zhang Pei	
Zhang Yi Ming	
Zhang Zhi Jun	
Zhou Jia	
Sun Jian	(Resigned with effect from 27 September 2019)
Gao Guang Qing	(Resigned with effect from 15 October 2019)
Tan Soo Khoon	(Retired on 31 October 2019)
He Dong	(Resigned with effect from 31 October 2019)
Lim Guang Wei	(Ceased on 20 January 2020)
Teoh Yee Seang	(Ceased on 20 January 2020)
Tony Ng Kok Siong	(Resigned with effect from 30 June 2020)

DIRECTORS' BENEFITS

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

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

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

The Directors and Officers of the Group and of the Company are covered under a Directors' and Officers' Liability Insurance up to an aggregate limit of US$25 million (equivalent to approximately RM107.03 million) against any legal liability, if incurred by the Directors and Officers of the Group and of the Company in the discharge of their duties while holding office for the Company and its subsidiaries.

AUDITORS' INDEMNITY

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

DIRECTORS' REMUNERATION

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

DIRECTORS' INTERESTS

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

	Number of ordinary shares			
	1.7.2019	**Acquired**	**Disposed**	**30.6.2020**
Tan Sri Cheng Heng Jem				
Direct interest	286,923,039	–	–	286,923,039
Deemed interest	341,532,045	–	–	341,532,045
Ooi Kim Lai				
Direct interest	197	–	–	197

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

Direct Interest

	Number of ordinary shares			
	1.7.2019	**Acquired**	**Disposed**	**30.6.2020**
Parkson Retail Asia Limited ("PRA")				
Tan Sri Cheng Heng Jem	500,000	–	–	500,000
Cheng Hui Yen, Natalie	50,000	–	–	50,000

Tan Sri Cheng Heng Jem
Deemed Interest

	Number of ordinary shares			
	1.7.2019	**Acquired**	**Disposed**	**30.6.2020**
Parkson Myanmar Investment Company Pte Ltd	2,100,000	–	–	2,100,000
PRA	457,933,300	–	–	457,933,300

DIRECTORS' INTERESTS (continued)

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

Tan Sri Cheng Heng Jem
Deemed Interest

	Number of ordinary shares of HK$0.02 each			
	1.7.2019	**Acquired**	**Disposed**	**30.6.2020**
Parkson Retail Group Limited	1,448,270,000	–	–	1,448,270,000

	Currency	**1.7.2019**	**Acquired**	**Disposed**	**30.6.2020**
Investments in the People's Republic of China					
Guizhou Shenqi Parkson Retail Development Co Ltd	Rmb	10,200,000	–	–	10,200,000
Lion Food & Beverage Ventures Limited	Rmb	3,640,000	–	–	3,640,000
Qingdao No. 1 Parkson Co Ltd	Rmb	223,796,394	–	–	223,796,394
Wuxi Sanyang Parkson Plaza Co Ltd	Rmb	48,000,000	–	–	48,000,000
Xinjiang Youhao Parkson Development Co Ltd	Rmb	10,200,000	–	–	10,200,000

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

TREASURY SHARES

During the financial year, the Company did not repurchase its own shares and none of the existing treasury shares held were cancelled.

As at 30 June 2020, the number of treasury shares held were 26,721,880 shares. Further details are disclosed in Note 25(b) to the financial statements.

OTHER STATUTORY INFORMATION

(a) Before the statements of profit or loss, the statements of other comprehensive income and the statements of financial position of the Group and of the Company were made out, the Directors took reasonable steps:

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

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

OTHER STATUTORY INFORMATION (continued)

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

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

  (ii) the values attributed to the current assets in these financial statements of the Group and of the Company misleading.

(c) At the date of this report, the Directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

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

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

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

(f) In the opinion of the Directors:

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

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group and of the Company for the financial year in which this report is made.

SUBSEQUENT EVENT

Subsequent event is disclosed in Note 42 to the financial statements.

AUDITORS AND AUDITORS' REMUNERATION

The auditors, Ernst & Young PLT, have expressed their willingness to continue in office.

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

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 October 2020.

TAN SRI CHENG HENG JEM
Chairman and Managing Director

CHENG HUI YEN, NATALIE
Executive Director

Kuala Lumpur, Malaysia

STATEMENT BY DIRECTORS

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

We, Tan Sri Cheng Heng Jem and Cheng Hui Yen, Natalie, being two of the Directors of Parkson Holdings Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 70 to 208 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia, so as to give a true and fair view of the financial positions of the Group and of the Company as at 30 June 2020 and of their financial performance and cash flows for the financial year then ended.

Signed on behalf of the Board in accordance with a resolution of the Directors dated 15 October 2020.

TAN SRI CHENG HENG JEM
Chairman and Managing Director

CHENG HUI YEN, NATALIE
Executive Director

Kuala Lumpur, Malaysia

STATUTORY DECLARATION

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

I, Liow Swee Kan (MIA member no. 9991), the person primarily responsible for the financial management of Parkson Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 70 to 208 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Liow Swee Kan
at Kuala Lumpur in the Federal Territory
on 15 October 2020.

LIOW SWEE KAN

Before me,

W530
TAN SEOK KETT
Commissioner for Oaths
Kuala Lumpur

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PARKSON HOLDINGS BERHAD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Parkson Holdings Berhad, which comprise the statements of financial position as at 30 June 2020 of the Group and of the Company, and statements of profit or loss, statements of other comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, as set out on pages 70 to 208.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 30 June 2020, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 2.1 to the financial statements, which indicates that the Group reported a net loss of RM627,248,000 for the financial year ended 30 June 2020, and as at that date, the Group's current liabilities exceeded its current assets by RM332,701,000. The Group's financial performance and operations were impacted by strict quarantine measures and movement control restrictions, caused by the COVID-19 pandemic, that have resulted in temporary closures of certain retailing stores in its key markets during the financial year.

These events or conditions, along with other matters as set forth in Note 2.1 to the financial statements, indicate the existence of material uncertainties that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. Nevertheless, as disclosed in Note 2.1 to the financial statements, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on the following conditions:

(a) Recovery from the COVID-19 pandemic

At the date of this report, the Group has resumed operations in all of its key markets. The Group has assumed that there will be no further major lockdown or movement control order that mandate store closures that will be disruptive to the business operations in the countries where the Group operates, and the recovery of business will be in line with the trajectory observed since July 2020. In particular, there are no significant changes in economic environment and consumer sentiments from that observed subsequent to year-end and to-date, that would result in significant changes in the Group's business operations.

(b) Continuing support from creditors and lenders

The Group intends to adhere to the average trade payable turnover days consistent with prevailing terms and expects its creditors to provide continuing support to the Group by offering the same credit terms during this challenging and unprecedented situation.

The Group is currently in discussion with certain lenders to rollover its existing borrowing facilities amounting to RM124 million at prevailing terms for a period of not less than 12 months.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Material uncertainty related to going concern (continued)

(c) Rationalisation of operations

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

- Downsizing and closure of unprofitable stores to reduce costs and improve productivity;

- Disposal of certain properties. The Group had on 27 July 2020, entered into a conditional Asset Transfer Agreement for the disposal of a property in Vietnam at the Vietnamese Dong equivalent of US$10 million (equivalent to approximately RM42.8 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 of the disposal of approximately RM40.6 million to be received in the financial year ending 30 June 2021; and

- Increase sales through omni channel promotional and marketing activities.

The validity of the going concern assumption of the Group and the Company is dependent on the Group's and the Company's ability to gradually recover their business performance, their ability to return to profitability and generate operating cash flows as forecasted to pay their liabilities as and when they fall due, based on the above assumptions made on conditions prevailing at the reporting date.

Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

Our opinion is not qualified in respect of this matter.

Independence and other ethical responsibilities

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the Group and of the Company for the current year. In addition to the matters described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. We have determined that there are no key audit matters to communicate in our report on the financial statements of the Company. The key audit matters for the audit of the financial statements of the Group are described below. These matters were addressed in the context of our audit of the financial statements of the Group and of the Company as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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 *Auditors' 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 of our audit opinion on the accompanying financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Risk area and rationale	Our response
Revenue recognition	
The Group relies on its information technology systems in the accounting for revenue from direct sales and commissions from concessionaire sales of RM2,971,197,000 (in which product prices, Point of Sales and other relevant support system reside). Such information system processes large volumes of data which consists of individually low value transactions. In addition, the Group recognised deferred revenue of RM17,771,000 as at 30 June 2020 in respect of customer loyalty awards. The quantum of deferred revenue recognised at each reporting period requires management's estimates in relation to the historical trends of redemption of customer loyalty points. The aforementioned factors gave rise to higher risk of material misstatements from the perspective of timing of recognition and the amount of revenue to be recognised. Accordingly, we identified revenue recognition to be an area of audit focus as the magnitude and the high volume of transactions may give rise to a higher risk of material misstatements relating to timing and the amount of revenue recognised. The disclosures for revenue of the Group is included in Note 4 to the financial statements.	Our audit procedures included, amongst others: - involved our information technology specialists to test the operating effectiveness of the automated controls of the information technology systems; - tested the information technology dependent manual and manual controls in place to ensure the completeness and accuracy of revenue recognised, including the updating of approved product price changes in the system; - performed procedures to corroborate the occurrence of revenue by tracing samples of cash receipts to the settlement reports from financial institutions; - tested the reconciliation of data between the Point of Sales system and the general ledger to corroborate the completeness of revenue; - tested the information technology controls surrounding the customer loyalty points systems and processes such as capturing and recording of loyalty points into the system; - assessed the accuracy of deferred revenue recognition using the historical rates of redemption of the customer loyalty points used by management; and - performed cut-off procedures to determine if revenue is recorded in the correct accounting period.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Risk area and rationale	Our response
Impairment of assets	
(a) Property, plant and equipment and right-of-use assets	
The Group primarily operates retail stores in China, Malaysia, Indonesia and Vietnam, as well as food and beverage stores in Malaysia and China. The Group recognised property, plant and equipment and right-of-use assets with carrying amounts of RM2,147,635,000 and RM2,982,042,000, representing 26% and 37% respectively of total non-current assets of the Group as at 30 June 2020. On an annual basis, management is required to assess for indicators of impairment to determine if impairment assessment should be carried out. The COVID-19 pandemic has adversely affected the operations of the Group for the current financial year which indicates that certain property, plant and equipment and right-of-use assets may be impaired. For the financial year ended 30 June 2020, the Group recorded impairment losses of RM44,604,000 and RM145,352,000 in relation to property, plant and equipment and right-of-use assets respectively. The impairment assessment is a complex process which involves significant judgement and assumptions in the determination of the recoverable amounts, in particular assumptions relating to gross margin, growth rates as well as overall market and economic conditions of the industry. Due to the significance of the amounts, the complexity and subjectivity involved in the impairment test, we considered this a key audit matter. The disclosures for property, plant and equipment and right-of-use assets of the Group are included in Notes 11(vii) and 13(b) respectively to the financial statements.	Our audit procedures included, amongst others: - obtained understanding of the Group's policies and procedures to identify indication of impairment of assets relating to underperforming stores; - examined approved cash flow forecasts as well as historical trend analysis; - compared the key assumptions used in the impairment assessments to historical performance, external data reflecting current market conditions and our understanding of the business, in particular gross margin and growth rates used in determining the value in use at each cash-generating units ("CGU") level; - involved our internal valuation specialists to assist us in evaluating the appropriateness of discount rate, methodologies and assumptions used in the cash flow forecasts; and - assessed the adequacy of disclosures in relation to impairment assessment including those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the assets.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Risk area and rationale	Our response
Impairment of assets (continued)	
(b) Goodwill	
The Group has a balance of goodwill of RM1,260,698,000 representing 16% of total non-current assets of the Group. On an annual basis, management is required to perform an impairment assessment of the CGUs to which the goodwill has been allocated. The impairment assessment is a complex process which involves significant judgement and assumptions in the determination of the recoverable amounts, in particular assumptions relating to gross margin, growth rates as well as overall market and economic conditions of the industry. Due to the significance of the amounts, the complexity and subjectivity involved in the annual impairment test, we considered this as a key audit matter. The disclosures for goodwill of the Group are included in Note 14 to the financial statements.	Our audit procedures included, amongst others: - obtained understanding of the Group's policies and the relevant internal methodologies applied in determining the CGUs and the recoverable amounts; - examined cash flow forecasts and compared the key assumptions used in the impairment assessments with reference to historical performance, external data in a similar industry and our understanding of the business, in particular gross margin and growth rates; - involved our internal valuation specialists to assist us in evaluating the appropriateness of discount rate, applied to cash flows of the individual stores, defined as smallest GCUs and methodologies used in the impairment assessment; and - assessed the adequacy of disclosures in relation to impairment assessment including those assumptions to which the outcome of the impairment test is most sensitive, that is, those that have the most significant effect on the determination of the recoverable amount of the assets.
Inventory valuation	
The Group's inventories mainly consist of inventories at retail stores and food and beverage stores. The Group held inventories with a total carrying amount of RM360,533,000, representing 15% of total current assets of the Group as at 30 June 2020. The inventories were subject to losses arising from obsolescence and where necessary, were written down to net realisable value. For the financial year ended 30 June 2020, management has recorded write down of inventories amounting to a total of RM4,547,000 to their net realisable value. Due to the significance of the value of inventories, the significant judgements and assumptions used in the determination of net realisable values, we considered this as a key audit matter. The Group's disclosures for inventories are included in Note 24 to the financial statements.	Our audit procedures included, amongst others: - obtained an understanding of the Group's policies and tested the design and effectiveness of controls over the identification of obsolete inventories; - assessed the net realisable value by checking to the history of sales trend and checking samples of inventories to ascertain that inventories were sold at positive margin and selling price was more than its carrying amount; - tested accuracy of inventory ageing reports by checking to the dates of invoices; and - assessed the adequacy of the Group's disclosures on inventories in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Key audit matters (continued)

Risk area and rationale	Our response
Impairment on loan receivables	
The carrying amount of loan receivables arising from the credit services segment of the Group was RM150,257,000 representing 1% of total assets of the Group as at 30 June 2020. MFRS 9 Financial Instruments ("MFRS 9") requires the Group to account for impairment on loans and receivables with a forward-looking expected credit loss ("ECL") approach. The measurement of ECL requires the application of significant judgement and increased complexity which include the identification of credit exposures with significant deterioration in credit quality, assumptions used in the ECL models such as the expected future cash flows and forward-looking macroeconomic factors. The disclosures for loan receivables of the Group are included in Note 20 to the financial statements.	Our audit procedures included, amongst others: - tested the controls over credit assessment, approval, recording and monitoring of loan receivables; - reviewed the methodologies, inputs and assumptions used by management in calculating impairment allowance for the three stages of credit exposures under MFRS 9 in accordance with credit quality; - reviewed the reasonableness of the loss rates used by the management in the estimation of impairment allowances based on the historical default trend and forward-looking adjustments; and - assessed the adequacy of the disclosures on the Group's exposure to credit risk in the financial statements.
Transition from MFRS 117 Leases to MFRS 16 Leases	
MFRS 16 Leases becomes effective for annual periods beginning on or after 1 January 2019. The application of the new standard gives rise to right-of-use assets of RM3,340,935,000 and a corresponding increase in lease liabilities of RM3,955,730,000 representing 59% of total non-current assets and 76% of total liabilities of the Group as at 1 July 2019. The Group applied the modified retrospective approach for the transition accounting. The application of this new accounting standard requires judgements to be made, particularly in respect of the measurement of the right-of-use assets and lease liabilities which are based on assumptions such as discount rates and lease terms, including termination and renewal options. The Group implemented new processes (including controls) to identify and process all relevant data to measure the right-of-use assets and the corresponding lease liabilities. These factors, together with the material nature of the balances recorded on application of MFRS 16, are significant to our audit. The disclosures for leases of the Group are included in Notes 2.2, 2.22, 13(b) and 13(c) to the financial statements.	Our audit procedures included, amongst others: - included an evaluation of management's implementation process, which included obtaining an understanding of the transition approach and practical expedients selected by management and management's process of ensuring the completeness and accuracy of the lease contracts identified; - corroborated, on a sample basis, the accuracy of the inputs in the lease accounting computation to the underlying lease contracts; - evaluated management's key assumptions on the discount rates and the lease terms, including termination and renewal options; - recalculated the amounts of right-of-use assets, lease liabilities, interest expenses and amortisation expenses; and - evaluated the adequacy of the disclosures on the Group's leases in the financial statements.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the information included in the Group's 2020 annual report but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

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

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

Auditors' responsibilities for the audit of the financial statements

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

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

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

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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

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

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

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

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

OTHER MATTERS

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

ERNST & YOUNG PLT
202006000003 (LLP0022760-LCA) & AF 0039
Chartered Accountants

TAN SHIUM JYE
No. 2991/05/2022 J
Chartered Accountant

Kuala Lumpur, Malaysia
15 October 2020

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000 (Restated)
Revenue	4	**3,251,152**	4,032,665	**–**	–
Other items of income					
Other income	5	**293,521**	301,562	**25**	1,059
Items of expense					
Purchase of goods and changes in inventories		**(1,617,632)**	(1,844,388)	**–**	–
Employee benefits expense	6	**(525,610)**	(625,127)	**(643)**	(872)
Depreciation and amortisation		**(670,850)**	(234,748)	**(1)**	(1)
Promotional and advertising expenses		**(54,207)**	(77,713)	**–**	–
Rental expenses		**(53,077)**	(885,611)	**–**	–
Other expenses	8(d)	**(529,035)**	(577,712)	**(583,885)**	(87,087)
Operating profit/(loss)		**94,262**	88,928	**(584,504)**	(86,901)
Finance income	7	**49,303**	74,042	**1,165**	2,901
Finance costs	7	**(485,529)**	(150,134)	**(163)**	(3,239)
Share of results of associates		**933**	7,560	**–**	–
Share of results of joint ventures		**4,502**	8,599	**–**	–
Gain on disposal of a property		**26,143**	–	**–**	–
Reversal of impairment loss on amount due from a subsidiary	19	**–**	–	**513**	–
Impairment loss on:					
- Property, plant and equipment	11	**(72,031)**	(41,480)	**–**	–
- An investment property	12	**(18,500)**	–	**–**	–
- Land use rights	13(a)	**(4,328)**	–	**–**	–
- Right-of-use assets	13(b)	**(145,352)**	–	**–**	–
- Intangible assets	14	**(775)**	–	**–**	–
- Amounts due from joint ventures		**(750)**	(5,300)	**(750)**	–
- Amounts due from subsidiaries	19	**–**	–	**–**	(24,574)
Provision of land tax		**–**	(6,350)	**–**	–
Loss before tax	8	**(552,122)**	(24,135)	**(583,739)**	(111,813)
Income tax expense	9	**(75,126)**	(128,133)	**(40)**	(60)
Loss for the financial year		**(627,248)**	(152,268)	**(583,779)**	(111,873)

STATEMENTS OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (continued)

	Note	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000 (Restated)
Loss for the financial year attributable to:					
Owners of the parent		**(436,354)**	(129,184)	**(583,779)**	(111,873)
Non-controlling interests	15(b)	**(190,894)**	(23,084)	**–**	–
		(627,248)	(152,268)	**(583,779)**	(111,873)
Loss per share attributable to owners of the parent (sen)					
Basic	10(a)	**(40.89)**	(12.11)		
Diluted	10(b)	**(40.89)**	(12.11)		

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

STATEMENTS OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000 (Restated)
Loss for the financial year	**(627,248)**	(152,268)	**(583,779)**	(111,873)
Other comprehensive income/(loss)				
Items that will not be reclassified to profit or loss:				
Remeasurement of defined benefit plan, net of tax	**–**	230	**–**	–
Change in fair value of financial assets	**(3,736)**	(523)	**–**	–
	(3,736)	(293)	**–**	–
Item that may be reclassified subsequently to profit or loss:				
Foreign currency translation	**(68,084)**	(115,417)	**–**	–
Other comprehensive loss for the financial year, net of tax	**(71,820)**	(115,710)	**–**	–
Total comprehensive loss for the financial year	**(699,068)**	(267,978)	**(583,779)**	(111,873)
Total comprehensive loss for the financial year attributable to:				
Owners of the parent	**(474,200)**	(189,737)	**(583,779)**	(111,873)
Non-controlling interests	**(224,868)**	(78,241)	**–**	–
	(699,068)	(267,978)	**(583,779)**	(111,873)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	2020 RM'000	2019 RM'000
Assets			
Non-current assets			
Property, plant and equipment	11	**2,147,635**	2,544,239
Investment properties	12	**375,490**	200,485
Right-of-use assets	13(b)	**2,982,042**	–
Land use rights	13(a)	**226,815**	255,750
Intangible assets	14	**1,263,604**	1,259,852
Investments in associates	16	**26,599**	25,587
Investments in joint ventures	17	**17,929**	22,445
Deferred tax assets	18	**157,606**	117,531
Trade receivables	20	**71,963**	67,968
Other receivables	21	**454,075**	250,434
Investment securities	22	**16,697**	23,414
Time deposits	23	**377,652**	863,620
		8,118,107	5,631,325
Current assets			
Inventories	24	**360,533**	366,589
Trade and other receivables	20	**410,919**	582,077
Investment securities	22	**142,977**	314,278
Tax recoverable		**5,615**	3,868
Deposits, cash and bank balances	23	**1,376,751**	1,637,779
		2,296,795	2,904,591
Non-current assets classified as held for sale	11(i)(b)	**40,644**	–
		2,337,439	2,904,591
Total assets		**10,455,546**	8,535,916
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	25	**4,151,005**	4,151,005
Treasury shares	25	**(20,903)**	(20,903)
Other reserves	26	**(1,610,686)**	(1,573,800)
Accumulated losses		**(932,472)**	(509,414)
		1,586,944	2,046,888
Non-controlling interests	15(b)	**1,036,942**	1,264,360
Total equity		**2,623,886**	3,311,248

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020 (continued)

	Note	2020 RM'000	2019 RM'000
Equity and liabilities (continued)			
Non-current liabilities			
Deferred tax liabilities	18	**150,182**	141,373
Loans and borrowings	27	**1,491,164**	2,307,400
Long term payables	29	**61,981**	541,636
Provisions	30	**23,246**	30,578
Lease liabilities	13(c)	**3,434,947**	–
		5,161,520	3,020,987
Current liabilities			
Trade and other payables	31	**1,177,285**	1,518,371
Contract liabilities	32	**406,767**	448,261
Loans and borrowings	27	**540,202**	189,268
Provisions	30	**4,555**	12,930
Lease liabilities	13(c)	**514,001**	–
Tax payables		**27,330**	34,851
		2,670,140	2,203,681
Total liabilities		**7,831,660**	5,224,668
Total equity and liabilities		**10,455,546**	8,535,916

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

COMPANY STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2020

	Note	30.6.2020 RM'000	30.6.2019 RM'000 (Restated)	1.7.2018 RM'000 (Restated)
Assets				
Non-current assets				
Property, plant and equipment	11	**7**	8	–
Intangible assets	14	**28**	28	28
Interests in subsidiaries	15	**2,650,249**	3,233,464	3,342,881
Amounts due from subsidiaries	19	**8,914**	14,095	14
		2,659,198	3,247,595	3,342,923
Current assets				
Trade and other receivables	20	**160**	155	150
Amounts due from subsidiaries	19	**12,082**	7,883	148,471
Tax recoverable		**–**	–	264
Deposits, cash and bank balances	23	**2,427**	11,571	2,691
		14,669	19,609	151,576
Total assets		**2,673,867**	3,267,204	3,494,499
Equity and liabilities				
Equity attributable to owners of the parent				
Share capital	25	**4,151,005**	4,151,005	4,151,005
Treasury shares	25	**(20,903)**	(20,903)	(20,903)
Other reserves	26	**2,905,831**	2,905,831	2,905,831
Accumulated losses		**(4,367,006)**	(3,783,227)	(3,671,354)
Total equity		**2,668,927**	3,252,706	3,364,579
Current liabilities				
Trade and other payables	31	**1,954**	1,648	2,337
Amounts due to subsidiaries	33	**2,986**	3,069	3,499
Loans and borrowings	27	**–**	9,781	123,048
Other financial liability		**–**	–	1,036
Total liabilities		**4,940**	14,498	129,920
Total equity and liabilities		**2,673,867**	3,267,204	3,494,499

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Attributable to owners of the parent						
	Non-distributable						
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25)	Other reserves RM'000 (Note 26)	Accumulated losses RM'000	Total RM'000	Non-controlling interests RM'000	Total equity RM'000
At 30 June 2019	**4,151,005**	**(20,903)**	**(1,573,800)**	**(509,414)**	**2,046,888**	**1,264,360**	**3,311,248**
Effect of MFRS 16 adoption	**–**	**–**	**–**	**14,256**	**14,256**	**8,771**	**23,027**
At 1 July 2019	**4,151,005**	**(20,903)**	**(1,573,800)**	**(495,158)**	**2,061,144**	**1,273,131**	**3,334,275**
Total comprehensive loss for the financial year	**–**	**–**	**(37,846)**	**(436,354)**	**(474,200)**	**(224,868)**	**(699,068)**
Transactions with owners							
Transfer to capital reserves	**–**	**–**	**960**	**(960)**	**–**	**–**	**–**
Disposal of equity interest in a subsidiary	**–**	**–**	**–**	**–**	**–**	**(1,098)**	**(1,098)**
Dividends to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**(10,223)**	**(10,223)**
Total transactions with owners	**–**	**–**	**960**	**(960)**	**–**	**(11,321)**	**(11,321)**
At 30 June 2020	**4,151,005**	**(20,903)**	**(1,610,686)**	**(932,472)**	**1,586,944**	**1,036,942**	**2,623,886**
At 1 July 2018	4,151,005	(20,903)	(1,517,787)	(378,538)	2,233,777	1,373,780	3,607,557
Effect of MFRS 9 adoption	–	–	4,002	(2,726)	1,276	991	2,267
At 1 July 2018 (restated)	4,151,005	(20,903)	(1,513,785)	(381,264)	2,235,053	1,374,771	3,609,824
Total comprehensive loss for the financial year	–	–	(60,783)	(128,954)	(189,737)	(78,241)	(267,978)
Transactions with owners							
Transfer to capital reserves	–	–	768	(768)	–	–	–
Acquisition of non-controlling interests in a subsidiary	–	–	–	(5,877)	(5,877)	5,877	–
Dilution of equity interest in a subsidiary	–	–	–	7,449	7,449	(7,449)	–
Dividends to non-controlling interests	–	–	–	–	–	(30,598)	(30,598)
Total transactions with owners	–	–	768	804	1,572	(32,170)	(30,598)
At 30 June 2019	4,151,005	(20,903)	(1,573,800)	(509,414)	2,046,888	1,264,360	3,311,248

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

COMPANY STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	← Non-distributable		→		
	Share capital RM'000 (Note 25)	Treasury shares RM'000 (Note 25)	Other reserves RM'000 (Note 26)	Accumulated losses RM'000	Total equity RM'000
At 1 July 2019 (as previously stated)	**4,151,005**	**(20,903)**	**2,905,831**	**(6,298,207)**	**737,726**
Prior year adjustment (Note 43)	**–**	**–**	**–**	**2,514,980**	**2,514,980**
At 1 July 2019 (restated)	**4,151,005**	**(20,903)**	**2,905,831**	**(3,783,227)**	**3,252,706**
Total comprehensive loss for the financial year	**–**	**–**	**–**	**(583,779)**	**(583,779)**
At 30 June 2020	**4,151,005**	**(20,903)**	**2,905,831**	**(4,367,006)**	**2,668,927**
At 1 July 2018 (as previously stated)	4,151,005	(20,903)	2,905,831	(6,221,657)	814,276
Prior year adjustment (Note 43)	–	–	–	2,550,303	2,550,303
At 1 July 2018 (restated)	4,151,005	(20,903)	2,905,831	(3,671,354)	3,364,579
Total comprehensive loss for the financial year	–	–	–	(111,873)	(111,873)
At 30 June 2019	4,151,005	(20,903)	2,905,831	(3,783,227)	3,252,706

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

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000 (Restated)
Cash flows from operating activities				
Loss before tax	**(552,122)**	(24,135)	**(583,739)**	(111,813)
Adjustments for:				
Depreciation and amortisation	**670,850**	234,748	**1**	1
Amortisation of:				
- Deferred lease expense	**–**	3,212	**–**	–
- Deferred lease income	**(143)**	(505)	**–**	–
Write off of:				
- Property, plant and equipment	**8,246**	19,716	**–**	–
- Bad debts	**259**	–	**–**	–
Impairment loss on interest in a subsidiary	**–**	–	**581,595**	82,635
Impairment loss on:				
- Property, plant and equipment	**72,031**	41,480	**–**	–
- An investment property	**18,500**	–	**–**	–
- Land use rights	**4,328**	–	**–**	–
- Right-of-use assets	**145,352**	–	**–**	–
- Intangible assets	**775**	–	**–**	–
- Amounts due from subsidiaries	**–**	–	**–**	24,574
- Receivables	**25,649**	15,895	**750**	–
Write down of inventories	**4,547**	2,966	**–**	–
Reversal of impairment loss on:				
- Property, plant and equipment	**(7,635)**	(9,393)	**–**	–
- Receivables	**(82)**	(2,143)	**–**	–
- Amount due from a subsidiary	**–**	–	**(513)**	–
Unrealised foreign currency exchange loss	**7,501**	4,318	**–**	–
(Gain)/loss on disposal of property, plant and equipment	**(23,318)**	5,157	**–**	(23)
Net fair value gain on derivatives	**–**	(1,036)	**–**	(1,036)
Rent concessions related to COVID-19	**(57,688)**	–	**–**	–
Defined benefit plan	**580**	578	**–**	–
Loss on disposal of a subsidiary	**548**	–	**–**	–
Share of results of associates	**(933)**	(7,560)	**–**	–
Share of results of joint ventures	**(4,502)**	(8,599)	**–**	–
Finance costs	**485,529**	150,134	**163**	3,239
Finance income	**(49,303)**	(74,042)	**(1,165)**	(2,901)
Dividend income from investment securities	**(1,708)**	(826)	**–**	–
Operating profit/(loss) before working capital changes	**747,261**	349,965	**(2,908)**	(5,324)
Changes in working capital:				
Inventories	**2,490**	12,055	**–**	–
Receivables	**(184,974)**	27,939	**3,408**	129,271
Payables	**(285,934)**	(154,038)	**221**	(2,158)
Cash flows generated from operations	**278,843**	235,921	**721**	121,789
Taxes (paid)/refunded	**(84,466)**	(70,340)	**(40)**	204
Interest paid	**(118,250)**	(142,015)	**(163)**	(2,200)
Interest received	**53,987**	62,908	**119**	2,340
Net cash flows generated from operating activities	**130,114**	86,474	**637**	122,133

STATEMENTS OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020 (continued)

	Group		Company	
	2020 RM'000	2019 RM'000	2020 RM'000	2019 RM'000 (Restated)
Cash flows from investing activities				
Purchase of property, plant and equipment (Note 11(v))	**(123,024)**	(121,349)	**–**	(9)
Additions to intangible assets	**(120)**	(110)	**–**	–
Proceeds from disposal of property, plant and equipment	**70,873**	1,837	**–**	23
Proceeds from redemption of an investment security	**3,000**	–	**–**	–
Proceeds from subleases	**40,255**	–	**–**	–
Net cash outflow on disposal of equity interest in a subsidiary (Note 15(a)(i))	**(396)**	–	**–**	–
Dividends received from:				
- An associate	**59**	170	**–**	–
- A joint venture	**9,191**	10,805	**–**	–
- Investment securities	**2,880**	106	**–**	–
Changes in:				
- Investment securities	**172,867**	56,540	**–**	–
- Deposits with banks	**685,183**	234,876	**–**	–
Net cash flows generated from investing activities	**860,768**	182,875	**–**	14
Cash flows from financing activities				
Dividends paid to non-controlling interests	**(10,223)**	(30,598)	**–**	–
Proceeds from loans and borrowings	**2,248,907**	473,364	**–**	–
Repayment of loans and borrowings	**(2,726,385)**	(519,304)	**–**	(90,600)
Hire purchase principal payments	**–**	(1,402)	**–**	–
Payment of lease liabilities	**(575,257)**	–	**–**	–
Net cash flows used in financing activities	**(1,062,958)**	(77,940)	**–**	(90,600)
Net (decrease)/increase in cash and cash equivalents	**(72,076)**	191,409	**637**	31,547
Effects of changes in exchange rates	**4,970**	(4,755)	**–**	–
Cash and cash equivalents at beginning of year	**1,040,420**	853,766	**1,790**	(29,757)
Cash and cash equivalents at end of year (Note 23)	**973,314**	1,040,420	**2,427**	1,790

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2020

1. CORPORATE INFORMATION

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

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

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 15 October 2020.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

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

The Group reported a net loss of RM627,248,000 for the financial year ended 30 June 2020, and as at that date, the Group's current liabilities exceeded its current assets by RM332,701,000. The Group's financial performance and operations were impacted by strict quarantine measures and movement control restrictions, caused by the COVID-19 pandemic, that have resulted in temporary closures of certain retailing stores in its key markets during the financial year.

These events or conditions indicate the existence of material uncertainties that may cast significant doubt on the Group's and on the Company's ability to continue as a going concern. Nevertheless, the financial statements of the Group and of the Company have been prepared on a going concern basis, the validity of which is highly dependent on the following conditions:

(a) Recovery from the COVID-19 pandemic

At the date of this report, the Group has resumed operations in all of its key markets. The Group has assumed that there will be no further major lockdown or movement control order that mandate store closures that will be disruptive to the business operations in the countries where the Group operates, and the recovery of business will be in line with the trajectory observed since July 2020. In particular, there are no significant changes in economic environment and consumer sentiments from that observed subsequent to year-end and to-date, that would result in significant changes in the Group's business operations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.1 Basis of preparation (continued)

(b) Continuing support from creditors and lenders

The Group intends to adhere to the average trade payable turnover days consistent with prevailing terms and expects its creditors to provide continuing support to the Group by offering the same credit terms during this challenging and unprecedented situation.

The Group is currently in discussion with certain lenders to rollover its existing borrowing facilities amounting to RM124 million at prevailing terms for a period of not less than 12 months.

(c) Rationalisation of operations

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

- Downsizing and closure of unprofitable stores to reduce costs and improve productivity;

- Disposal of certain properties. The Group had on 27 July 2020, entered into a conditional Asset Transfer Agreement for the disposal of a property in Vietnam at the Vietnamese Dong equivalent of US$10 million (equivalent to approximately RM42.8 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 of the disposal of approximately RM40.6 million to be received in the financial year ending 30 June 2021; and

- Increase sales through omni channel promotional and marketing activities.

The validity of the going concern assumption of the Group and the Company is dependent on the Group's and the Company's ability to gradually recover their business performance, their ability to return to profitability and generate operating cash flows as forecasted to pay their liabilities as and when they fall due, based on the above assumptions made on conditions prevailing at the reporting date.

Should the going concern basis for the preparation of the financial statements be no longer appropriate, adjustments will have to be made to state the assets at their realisable values and to provide for further liabilities which may arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies

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

On 1 July 2019, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 July 2019.

Description

MFRS 16: Leases
Amendments to MFRS 9: Prepayment Features with Negative Compensation
Amendments to MFRS 119: Plan Amendment, Curtailment or Settlement
Amendments to MFRS 128: Long-term Interests in Associates and Joint Ventures
Annual Improvements to MFRSs 2015 - 2017 Cycle
IC Interpretation 23: Uncertainty over Income Tax Treatments

Other than the above, the Group has early adopted the Amendments to MFRS 16: COVID-19-Related Rent Concessions (Amendment to MFRS 16 Leases), which is effective for financial period beginning on or after 1 June 2020.

The adoption of the above standards and amendments did not result in material impact to the financial statements of the Group and of the Company, except for the following:

<u>MFRS 16: Leases</u>

MFRS 16 replaces MFRS 117 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-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 account for all leases under a single on-balance sheet model. At the commencement date of a lease, a lessee will recognise a liability to pay rental (i.e. the lease liability) with a corresponding assets representing the right to use the underlying asset during the lease term (i.e. the right-of-use asset). MFRS 16 requires lessees to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. Lessor accounting under MFRS 16 is substantially unchanged from MFRS 117.

The Group adopted MFRS 16 using the modified retrospective method of adoption with the date of initial application of 1 July 2019 and the comparative information for 2019 was not restated. The Group, on a lease-by-lease basis, measured the right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 July 2019.

The Group has elected the following practical expedients:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply MFRS 16 to all contracts that were previously identified as leases;

- to apply the exemptions for commitments expiring within 12 months and low value assets; and

- to apply a single discount rate to a portfolio of leases with reasonably similar characteristics.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.2 Changes in accounting policies (continued)

MFRS 16: Leases (continued)

The impact arising from the adoption of MFRS 16 as at 1 July 2019 is as follows:

	Increase/ (decrease) RM'000
Assets	
Right-of-use assets	3,340,935
Property, plant and equipment	(2,893)
Other receivables	154,407
Deferred tax assets	(1,971)
Total assets	3,490,478
Liabilities	
Lease liabilities	3,955,730
Payables and provisions	(487,157)
Loans and borrowings	(1,122)
Total liabilities	3,467,451
Equity	
Accumulated losses	14,256
Non-controlling interests	8,771
Total equity	23,027

Amendments to MFRS 16: COVID-19-Related Rent Concessions

On 5 June 2020, the Malaysian Accounting Standards Board issued COVID-19-Related Rent Concessions (Amendment to MFRS 16 Leases). The amendments provide relief to lessees from applying MFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether the COVID-19-related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change under MFRS 16, if the change were not a lease modification.

This amendment applies to annual reporting periods beginning on or after 1 June 2020. Earlier application is permitted. The Group has elected for early application of this practical expedient for all the leases for the financial year ended 30 June 2020.

During the financial year, the Group has recognised a total of RM57,688,000 of rent concessions as a result of the COVID-19 pandemic.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Amendments to MFRS 2: Share-based Payments	1 January 2020
Amendments to MFRS 3: Business Combinations	1 January 2020
Amendments to MFRS 3: Definition of a Business	1 January 2020
Amendments to MFRS 6: Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendment to MFRS 14: Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101: Presentation of Financial Statements	1 January 2020
Amendments to MFRS 9, 139 and 7: Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 101 and 108: Definition of Material	1 January 2020
Amendments to MFRS 108: Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134: Interim Financial Reporting	1 January 2020
Amendment to MFRS 137: Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendment to MFRS 138: Intangible Assets	1 January 2020
Amendment to IC Interpretation 12: Service Concession Arrangements	1 January 2020
Amendment to IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendment to IC Interpretation 20: Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendment to IC Interpretation 22: Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132: Intangible Assets - Web Site Costs	1 January 2020
Amendment to MFRS 16: COVID-19-Related Rent Concessions	1 June 2020
Annual Improvements to MFRSs 2018 - 2020 Cycle	1 January 2022
Amendments to MFRS 3: Reference to the Conceptual Framework	1 January 2022
Amendments to MFRS 101: Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 116: Property, Plant and Equipment - Proceeds before Intended Use	1 January 2022
Amendments to MFRS 137: Onerous Contracts - Cost of Fulfilling a Contract	1 January 2022
MFRS 17: Insurance Contracts	1 January 2023
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.4 Basis of consolidation

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

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

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

(i) the contractual arrangement with the other vote holders of the investee;
(ii) rights arising from other contractual arrangements; and
(iii) the Group's voting rights and potential voting rights.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.5 Business combinations and goodwill

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.6 Investments in associates and joint ventures

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.7 Property, plant and equipment and depreciation

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

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

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

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

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

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

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.9 Investment properties

Investment properties and investment properties under construction ("IPUC") are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and any accumulated impairment losses. These investment properties are depreciated to write off the value over the unexpired lease terms ranging from 1.9% to 2.4% per annum (2019: 1.9% to 2.4% per annum). IPUC are not depreciated as they are not yet ready for their intended use.

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

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

2.10 Intangible assets

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.10 Intangible assets (continued)

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

- **Customer relationships**

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

- **Computer software**

  Computer software of the Group is amortised on a straight-line basis over their estimated useful lives ranging from 3 to 8 years.

- **Club memberships**

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

- **Brands**

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

2.11 Land use rights

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. Land use rights are amortised over their original lease terms which ranges from 42 to 66 years (2019: 42 to 66 years).

2.12 Impairment of non-financial assets

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.12 Impairment of non-financial assets (continued)

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

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

The following assets have specific characteristics for impairment testing:

Goodwill

Goodwill is tested for impairment annually as at 30 June and also when circumstances indicate that the carrying value may be impaired.

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

Intangible assets

Intangible assets with indefinite useful lives are tested for impairment annually as at 30 June either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

2.13 Financial instruments

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

(a) Financial assets

Initial recognition and measurement

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

Initial recognition and measurement (continued)

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

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

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

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

Subsequent measurement

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

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

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

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

(d) financial assets at FVPL

- **Financial assets at amortised cost**

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

  - the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and

  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(a) Financial assets (continued)

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

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

  - the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and

  - the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

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

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

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

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

- **Financial assets at FVPL**

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

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

Derecognition

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(b) Impairment of financial assets

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(b) Impairment of financial assets (continued)

- **ECL measurement**

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

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

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

- **Expected life**

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

- **Financial assets at FVOCI**

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

- **Forward-looking information**

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

(c) Financial liabilities

<u>Initial recognition and measurement</u>

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.13 Financial instruments (continued)

(c) Financial liabilities (continued)

Subsequent measurement

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

- **Financial liabilities at FVPL**

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

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

- **Financial liabilities at amortised cost**

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

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

Derecognition

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

(d) Offsetting of financial instruments

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

2.14 Cash and cash equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.15 Inventories

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

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

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

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

2.16 Provisions

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

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

2.17 Borrowing costs

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

2.18 Government grants

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

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

2.19 Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Group uses derivative financial instruments such as forward currency contracts and interest rate swaps to hedge its foreign currency risk and interest rate risk respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting (continued)

Initial recognition and subsequent measurement (continued)

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);

- cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or

- hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as described below:

Fair value hedges

The change in the fair value of an interest rate hedging derivative is recognised in profit or loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statements of profit or loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using EIR. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedge item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.19 Derivative financial instruments and hedge accounting (continued)

Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised in OCI as hedging reserve, while any ineffective portion is recognised immediately in the statements of profit or loss as other operating expenses.

Amounts recognised in OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged finance income or finance expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in OCI are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

Hedges of a net investment

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statements of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is transferred to the statements of profit or loss.

2.20 Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when:

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

The Group classifies all other liabilities as non-current.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.21 Employee benefits

(a) Defined contribution plans

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

(b) Defined benefit plan

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

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

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

(c) Employee share option plans

Employees of the Group receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is recognised together with a corresponding increase in share option reserve in equity over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit in the statements of profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

No expense is recognised for options that do not ultimately vest, except for equity-settled transactions for which vesting is conditional upon a market or non-vesting condition. These are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. The share option reserve is transferred to retained profits upon expiry of the share options. When the options are exercised, the share option reserve is transferred to share capital if new shares are issued, or to treasury shares if the options are satisfied by the issuance of treasury shares.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases

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

Current financial year

Group as a lessee

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

(a) Right-of-use assets

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

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

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

The right-of-use assets are also subject to impairment as disclosed in Note 2.12.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate.

The variable lease payments that do not depend on an index or a rate are recognised as expenses in the period in which the event or condition that triggers the payment occurs.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases (continued)

Current financial year (continued)

Group as a lessee (continued)

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

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

Group as a lessor

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

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

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

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

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

Previous financial year

Group as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between 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 recognised in finance costs in the statements of profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.22 Leases (continued)

Previous financial year (continued)

Group as a lessee (continued)

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

Operating lease payments are recognised as an operating expense in the statements of profit or loss on a straight-line basis over the lease term.

Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.23 Foreign currency

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.23 Foreign currency (continued)

(c) Group companies

On consolidation, the assets and liabilities of foreign operations are translated into RM at the rate of exchange prevailing at the reporting date and their statements of profit or loss are translated at exchange rates prevailing at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in OCI. On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the spot rate of exchange at the reporting date.

2.24 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and exclude amounts collected on behalf of third parties. The Group and the Company recognise revenue when or as they transfer control over a product or service to customer. An asset is transferred when (or as) the customer obtains control of the asset.

The Group transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates or enhances an asset (for example, work-in-progress) that the customer controls as the asset is created or enhanced; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If a performance obligation is not satisfied over time, the Group satisfies the performance obligation at a point in time.

(a) Sale of goods

Revenue on sale of goods is recognised net of sales taxes and discounts upon the transfer of control of goods to the customer, usually on the delivery of goods. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Commissions from concessionaire sales

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.24 Revenue recognition (continued)

(c) Interest income

For all financial instruments measured at amortised cost, interest income or expense is recorded using the EIR method, which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included as finance income in the statements of profit or loss.

(d) Revenue from services

Revenue from services rendered is recognised net of service taxes and discounts and when the services are rendered.

(e) Rental income

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

(f) Promotion income and sales commissions

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

(g) Consultancy and management service fees

Revenue from the provision of consultancy and management services is recognised over the scheduled period on a straight-line basis as the customer simultaneously receives and consumes the benefits provided by the Group.

(h) Revenue from customer loyalty award

Revenue from customer loyalty award is recognised when the obligation in respect of the award is fulfilled.

(i) Dividend income

Dividend income is recognised when the Group's right to receive payment is established, which is generally when shareholders approve the dividend.

(j) Revenue from food and beverage operations

Revenue from sales of goods and services are recognised upon the delivery of products and customers' acceptance, if any, and performance of services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.25 Contract liabilities

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

2.26 Income taxes

(a) Current income tax

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

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statements of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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

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

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.26 Income taxes (continued)

(b) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same tax authority.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. The adjustment is either treated as a reduction in goodwill (as long as it does not exceed goodwill) if it was incurred during the measurement period or recognised in profit or loss.

2.27 Segmental reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 39, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.28 Ordinary share capital and share issuance expenses

Equity instruments are any contracts that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.29 Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

2.30 Contingencies

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

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.31 Fair value measurement

The Group measures financial instruments, such as derivatives at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or

- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2.31 Fair value measurement (continued)

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's and of the Company's financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainties about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

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

(i) Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criterias in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, in assessing whether a property qualifies as an investment property, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.1 Judgements made in applying accounting policies (continued)

(ii) Determining the lease term of contracts with renewal and termination options – Group as lessee

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

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. The Group considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstance that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g. construction of significant leasehold improvements or significant customisation to the leased asset).

The Group included the renewal period as part of the lease term for leases of commercial properties with shorter non-cancellable period (i.e. three years). The Group typically exercises its option to renew these leases as there will be a significant negative effect on operations if a replacement asset is not readily available. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised. The information about the leases is disclosed in Note 13.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded.

The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences in interpretation may arise for a wide variety of issues depending on the conditions prevailing in the respective domicile of the Group companies. The information of the Group's income taxes is disclosed in Note 9.

(ii) Impairment of receivables

The Group uses a provision matrix to calculate ECLs for loan receivables from credit services segment. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e. by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

The provision matrix is initially based on the Group's historically observed default rates. The Group will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic condition is expected to deteriorate over the next year which can lead to increasing number of defaults, the historical default rates are adjusted. At each reporting date, the historically observed default rates are updated and changes in the forward-looking estimates are analysed.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(ii) Impairment of receivables (continued)

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECL is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Group's trade receivables is disclosed in Note 20.

For other receivables, the Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is an objective evidence of impairment, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is an objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amounts of the Group's and of the Company's receivables at the reporting date are disclosed in Note 20.

(iii) Impairment of goodwill and other intangibles

The Group recognised impairment loss in respect of goodwill and other intangibles when the carrying value exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. Goodwill and other intangibles are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the CGUs to which goodwill and customer loyalty award are allocated.

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

During the financial year ended 30 June 2020, the impairment loss recognised in profit or loss of RM775,000 (2019: Nil) is in relation to other segment.

(iv) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. These depend on estimates of future sales, operating costs, capital expenditure, dividends and other capital management transactions. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence, there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses and unrecognised temporary differences.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(iv) Deferred tax assets (continued)

The Group has RM1,281,632,000 (2019: RM955,261,000) of unused tax losses and RM29,646,000 (2019: RM26,011,000) of unabsorbed capital allowances. These losses and capital allowances relate to subsidiaries that have history of losses, not expired and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses and capital allowances as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses and capital allowances carried forward at the reporting date.

If the Group was able to recognise all unrecognised deferred tax assets, the profit or loss and the equity would have increased by RM330,148,000 (2019: RM244,305,000). Further details on deferred taxes are disclosed in Note 18.

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

The Group recognised impairment loss in respect of renovations, furniture, fittings, other equipment and right-of-use assets when the carrying value of the individual stores, defined as smallest CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. This requires an estimation of the value in use of the individual stores to which the property, plant and equipment and right-of-use assets are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the individual stores and to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections. Loss making stores in current financial year indicates there is an impairment of property, plant and equipment and right-of-use assets. The carrying amount and impairment loss of the Group's property, plant and equipment and right-of-use assets during the financial year are disclosed in Notes 11 and 13(b) respectively.

The pre-tax discount rates applied to the cash flow projections for Malaysia, Vietnam and Indonesia are 12.1% (2019: 12.6%), 17.2% (2019: Nil) and 19.3% (2019: 18.1%) respectively.

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

	Property, plant and equipment		Right-of-use assets	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Retailing				
- China	**–**	4,740	**–**	–
- Malaysia	**19,169**	31,453	**36,079**	–
- Vietnam	**16,432**	–	**73,655**	–
- Indonesia	**6,883**	4,557	**32,569**	–
Others	**2,120**	730	**3,049**	–
	44,604	41,480	**145,352**	–

(vi) Leases - estimating the incremental borrowing rate

The Group uses its incremental borrowing rate ("IBR") to measure lease liabilities as the interest rate implicit in the lease is not readily determinable. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs, such as market interest rates when available and is required to make certain entity-specific estimates such as the subsidiary's stand-alone credit rating. Further detail on IBR is disclosed in Note 13.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

3.2 Key sources of estimation uncertainty (continued)

(vii) Impairment of interest in subsidiary

The Company determines whether its interest in subsidiary is impaired. This involves an estimation of the value in use of the subsidiary. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from the subsidiary, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections up to 5-year period. The carrying amount of the Company's interest in subsidiary recognised at the reporting date is disclosed in Note 15.

(viii) Provisions for restoration costs

The Group makes provision for restoration costs based on the estimated costs to restore the leased areas in the event of relocation. As at 30 June 2020, the Group has the balance of provisions for restoration costs of RM27,801,000 (2019: RM24,154,000). A 10% difference in the estimated costs to restore the leased areas would result in approximately RM2,780,000 (2019: RM2,415,000) variance in provisions for restoration costs. Further details on provisions for restoration costs are disclosed in Note 30.

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

Management reviews the condition of inventories of the Group and makes provision against obsolete and slow-moving inventory items which are identified as no longer suitable for sale or use. Management estimates the net realisable value for such inventories based on primarily the latest invoice prices and current market conditions. The Group carries out an inventory review at the end of each reporting period and makes allowance for inventory obsolescence and slow-moving items. Management reassesses the estimation by the end of each reporting period. Further details on inventories are disclosed in Note 24.

4. REVENUE

	Group	
	2020 RM'000	**2019 RM'000**
Revenue from contracts with customers: (i)		
Sales of goods - direct sales	**1,951,374**	2,237,126
Commissions from concessionaire sales (ii)	**1,019,823**	1,413,294
Food and beverage ("F&B") operations	**24,891**	46,354
Consultancy and management service fees	**7,098**	7,026
	3,003,186	3,703,800
Revenue from other sources:		
Rental income	**211,664**	293,760
Credit services	**34,594**	34,279
Dividend income from investment securities	**1,708**	826
	247,966	328,865
	3,251,152	4,032,665

4. REVENUE (continued)

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

	Sales of goods - direct sales RM'000	Commissions from concessionaire sales RM'000	F&B operations RM'000	Consultancy and management service fees RM'000	Total revenue from contracts with customers RM'000
2020					
Geographical market					
Within Malaysia	**415,650**	**277,156**	**10,934**	**–**	**703,740**
Outside Malaysia	**1,535,724**	**742,667**	**13,957**	**7,098**	**2,299,446**
	1,951,374	**1,019,823**	**24,891**	**7,098**	**3,003,186**
Timing of revenue recognition					
At a point in time	**1,951,374**	**1,019,823**	**24,891**	**–**	**2,996,088**
Over time	**–**	**–**	**–**	**7,098**	**7,098**
	1,951,374	**1,019,823**	**24,891**	**7,098**	**3,003,186**
2019					
Geographical market					
Within Malaysia	642,183	357,333	21,901	–	1,021,417
Outside Malaysia	1,594,943	1,055,961	24,453	7,026	2,682,383
	2,237,126	1,413,294	46,354	7,026	3,703,800
Timing of revenue recognition					
At a point in time	2,237,126	1,413,294	46,354	–	3,696,774
Over time	–	–	–	7,026	7,026
	2,237,126	1,413,294	46,354	7,026	3,703,800

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

	Group	
	2020 RM'000	**2019 RM'000**
Gross revenue from concessionaire sales	**5,692,170**	7,834,230
Commissions from concessionaire sales	**1,019,823**	1,413,294

5. OTHER INCOME

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Management fees	**62,241**	81,465	**–**	–
Promotion income	**39,154**	47,779	**–**	–
Administration fees	**50,479**	58,404	**–**	–
Credit card handling fees	**20,627**	33,066	**–**	–
Equipment and display space lease income	**33,633**	31,828	**–**	–
Service fees	**13,205**	14,885	**–**	–
Government grants (i)	**9,285**	5,232	**–**	–
Income from subleasing right-of-use assets	**35,593**	–	**–**	–
Others	**29,304**	28,903	**25**	1,059
	293,521	301,562	**25**	1,059

(i) Various government grants were provided by the local authorities in the People's Republic of China ("PRC") to reward certain subsidiaries for their contributions to the local economy. During the financial year, additional government grants were granted to relieve the subsidiaries' burdens of their challenges related to COVID-19. There were no unfulfilled conditions or contingencies attached to these government grants.

6. EMPLOYEE BENEFITS EXPENSE

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Wages, salaries and bonuses	**410,622**	469,841	**586**	788
Defined contribution plans	**35,222**	54,964	**48**	75
Defined benefit plan (Note 29(iv))	**580**	578	**–**	–
Other staff related expenses	**79,186**	99,744	**9**	9
	525,610	625,127	**643**	872

Included in employee benefits expense of the Group and of the Company are executive Directors' remuneration amounting to RM3,005,000 (2019: RM3,216,000) and RM191,000 (2019: RM203,000) respectively as further disclosed in Note 8(b).

7. FINANCE INCOME/COSTS

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Finance income				
Interest income on:				
Short term deposits and others	**15,914**	55,051	**58**	143
Amounts due from subsidiaries	**–**	–	**1,107**	2,758
Lease receivables from subleases	**22,074**	–	**–**	–
Discount adjustments on rental deposits receivable	**4,780**	7,815	**–**	–
Gain on redemption of financial assets at fair value through profit or loss ("FVPL")	**6,535**	7,971	**–**	–
Change of fair value of financial assets at FVPL	**–**	3,205	**–**	–
	49,303	74,042	**1,165**	2,901
Finance costs				
Interest expenses on:				
Term loans and bank loans	**137,294**	145,939	**–**	1,485
Bank overdrafts and others	**796**	2,676	**163**	1,754
Hire purchase liabilities	**–**	109	**–**	–
Lease liabilities (Note 13(c))	**343,026**	–	**–**	–
Unwinding of discount on:				
Rental deposits payable	**366**	455	**–**	–
Provisions for restoration costs	**1,869**	955	**–**	–
Change of fair value of financial assets at FVPL	**2,178**	–	**–**	–
	485,529	150,134	**163**	3,239

8. LOSS BEFORE TAX

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

	Group		Company	
	2020 RM'000	2019 RM'000	**2020 RM'000**	2019 RM'000
Directors' remuneration (Note 8(b))	**3,178**	3,410	**364**	397
Auditors' remuneration:				
- Statutory audit	**2,905**	2,946	**32**	32
- Parkson Retail Group Limited's statutory audit *	**2,341**	2,350	**–**	–
Depreciation and amortisation:				
- Property, plant and equipment (Note 11)	**194,895**	224,820	**1**	1
- Investment properties (Note 12)	**2,462**	439	**–**	–
- Right-of-use assets (Note 13(b))	**464,246**	–	**–**	–
- Intangible assets (Note 14)	**886**	1,053	**–**	–
- Land use rights (Note 13(a))	**8,361**	8,436	**–**	–
Write off of:				
- Property, plant and equipment	**8,246**	19,716	**–**	–
- Bad debts	**259**	–	**–**	–
Impairment loss on interest in a subsidiary (Note 15)	**–**	–	**581,595**	82,635
Allowance for impairment loss on receivables (Note 20)	**25,649**	15,895	**750**	–
Write down of inventories	**4,547**	2,966	**–**	–
Reversal of impairment loss on:				
- Property, plant and equipment (Note 11)	**(7,635)**	(9,393)	**–**	–
- Receivables (Note 20)	**(82)**	(2,143)	**–**	–
Bad debts recovered	**(267)**	(211)	**–**	–
Foreign currency exchange loss, net:				
- Realised	**22,701**	1,704	**–**	2,022
- Unrealised	**7,501**	4,318	**–**	–
(Gain)/loss on disposal of:				
- Property, plant and equipment	**(23,318)**	5,157	**–**	(23)
- A subsidiary (Note 15(a)(i))	**548**	–	**–**	–
Net fair value gain on derivatives	**–**	(1,036)	**–**	(1,036)
Operating lease rentals in respect of leased properties:				
- Minimum lease payments	**59,692**	800,523	**–**	–
- Contingent lease payments	**51,073**	81,876	**–**	–
- Amortisation of deferred lease expense (Note 21(iv))	**–**	3,212	**–**	–
- Rent concessions related to COVID-19	**(57,688)**	–	**–**	–

* Relates to statutory audit in respect of financial year ended 31 December in compliance with the requirements of the Hong Kong Companies Ordinance.

8. LOSS BEFORE TAX (continued)

(b) The details of remuneration receivable by Directors of the Company during the financial years are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Executive Directors:				
Fees	**282**	368	**75**	75
Salaries and other emoluments	**2,690**	2,809	**116**	128
Pension costs - defined contribution plans	**33**	39	**–**	–
	3,005	3,216	**191**	203
Non-executive Directors:				
Fees	**140**	159	**140**	159
Other emoluments	**33**	35	**33**	35
	173	194	**173**	194
Total Directors' remuneration (Note 8(a))	**3,178**	3,410	**364**	397

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

	Number of Directors			
	Group		Company	
	2020	**2019**	**2020**	**2019**
Executive Directors:				
- RM50,000 and below	**–**	–	**1**	1
- RM150,001 to RM200,000	**–**	–	**1**	1
- RM350,001 to RM400,000	**1**	–	**–**	–
- RM400,001 to RM450,000	**–**	1	**–**	–
- RM2,600,001 to RM2,650,000	**1**	–	**–**	–
- RM2,750,001 to RM2,800,000	**–**	1	**–**	–
Non-executive Directors *:				
- RM50,000 and below	**2**	3	**2**	3
- RM50,001 to RM100,000	**2**	2	**2**	2

* 2020: Including a Director who had resigned with effect from 1 September 2019.

2019: Including a Director who had retired on 23 November 2018 and a Director who was appointed on 15 January 2019.

(d) Other expenses of the Group consist mainly of utilities cost, selling and distribution expenses, property management expenses, and general and administrative expenses.

9. INCOME TAX EXPENSE

The major components of income tax expense are as follows:

	Group		Company	
	2020	2019	**2020**	2019
	RM'000	RM'000	**RM'000**	RM'000
Statements of profit or loss				
Income tax:				
Malaysian income tax	**6,476**	18,042	**40**	60
Foreign tax	**100,590**	115,241	**–**	–
	107,066	133,283	**40**	60
Under/(over) provision in prior years	**1,220**	(231)	**–**	–
	108,286	133,052	**40**	60
Deferred tax (Note 18):				
Relating to origination and reversal of temporary differences	**(37,768)**	(1,901)	**–**	–
Under/(over) provision in prior years	**4,608**	(3,018)	**–**	–
	(33,160)	(4,919)	**–**	–
Total income tax expense	**75,126**	128,133	**40**	60

The Group is subject to income tax on an entity basis on the profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

Domestic current income tax is calculated at the statutory tax rate of 24% (2019: 24%) of the estimated assessable profit or loss for the year.

Under the PRC income tax law, except for certain preferential treatments available to certain PRC subsidiaries of the Group, the PRC companies are subject to corporate income tax at a rate of 25% (2019: 25%) on their respective taxable income. As at 30 June 2020, 4 (2019: 7) PRC entities within the Group were granted preferential corporate income tax rates or corporate income tax exemptions from the relevant PRC tax authorities.

Subsidiaries incorporated in Vietnam, Indonesia, Singapore, Cambodia, Laos and Myanmar are subject to tax rates of 20%, 25%, 17%, 20%, 20% and 25% (2019: 20%, 25%, 17%, 20%, 20% and 25%) respectively for the financial year ended 30 June 2020.

9. INCOME TAX EXPENSE (continued)

Reconciliation between tax expense and accounting loss

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the financial years ended 30 June 2020 and 30 June 2019 are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000 (Restated)**
Loss before tax	**(552,122)**	(24,135)	**(583,739)**	(111,813)
Tax at Malaysian statutory tax rate of 24% (2019: 24%)	**(132,509)**	(5,792)	**(140,097)**	(26,835)
Different tax rates in other jurisdiction	**21,891**	14,850	**–**	–
Expenses not deductible for tax purposes	**92,018**	86,492	**140,260**	27,144
Income not subject to tax	**(8,952)**	(3,819)	**(123)**	(249)
Deferred tax assets not recognised	**85,282**	45,941	**–**	–
Utilisation of previously unrecognised tax losses	**(7,053)**	–	**–**	–
Reversal of previously recognised tax losses	**2,194**	5,411	**–**	–
Effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	**17,731**	(7,823)	**–**	–
Under/(over) provision of income tax in prior years	**1,220**	(231)	**–**	–
Under/(over) provision of deferred tax in prior years	**4,608**	(3,018)	**–**	–
Effects on share of results of associates and joint ventures	**(1,304)**	(3,878)	**–**	–
Tax expense	**75,126**	128,133	**40**	60

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

10. LOSS PER SHARE

(a) Basic

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

	Group	
	2020	**2019**
Loss for the financial year attributable to owners of the parent (RM'000)	**(436,354)**	(129,184)
Weighted average number of ordinary shares in issue ('000)	**1,067,180**	1,067,180
Basic loss per share (sen)	**(40.89)**	(12.11)

(b) Diluted

The basic loss per share and the diluted loss per share are the same for the financial years as the Company has no dilutive potential ordinary shares as at the end of the reporting date.

There has been no other transaction involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these financial statements.

11. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings (i) RM'000	Land (ii) RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations (iii) RM'000	Capital work-in-progress (iv) RM'000	Total RM'000
At 30 June 2020							
Cost							
At 30 June 2019	2,049,416	9,801	18,185	577,915	1,507,000	492,415	4,654,732
Effect of MFRS 16 adoption	–	–	(556)	(3,654)	–	–	(4,210)
At 1 July 2019	2,049,416	9,801	17,629	574,261	1,507,000	492,415	4,650,522
Additions	516	–	177	28,249	59,859	39,730	128,531
Disposals	(67,525)	–	(1,169)	(49,449)	(138,028)	–	(256,171)
Disposal of equity interest in a subsidiary	–	–	–	(228)	(250)	–	(478)
Write off	–	–	–	(13,542)	(31,236)	–	(44,778)
Reclassification to investment properties (Note 12)	(249,604)	–	–	–	–	(3,993)	(253,597)
Reclassification to non-current assets classified as held for sale (Note (i)(b))	(52,097)	–	–	–	–	–	(52,097)
Reclassification	–	–	–	7,169	21,461	(28,630)	–
Exchange differences	12,132	141	99	2,180	7,148	3,644	25,344
At 30 June 2020	1,692,838	9,942	16,736	548,640	1,425,954	503,166	4,197,276
Accumulated depreciation							
At 30 June 2019	446,449	–	15,030	386,407	1,134,614	–	1,982,500
Effect of MFRS 16 adoption	–	–	(101)	(1,216)	–	–	(1,317)
At 1 July 2019	446,449	–	14,929	385,191	1,134,614	–	1,981,183
Charge for the financial year (Note 8(a))	43,191	–	834	42,424	108,446	–	194,895
Disposals	(36,200)	–	(831)	(39,759)	(131,826)	–	(208,616)
Disposal of equity interest in a subsidiary	–	–	–	(130)	(133)	–	(263)
Write off	–	–	–	(4,453)	(8,897)	–	(13,350)
Reclassification to investment properties (Note 12)	(57,689)	–	–	–	–	–	(57,689)
Reclassification to non-current assets classified as held for sale (Note (i)(b))	(24,008)	–	–	–	–	–	(24,008)
Exchange differences	3,002	–	(548)	13,466	3,940	–	19,860
At 30 June 2020	374,745	–	14,384	396,739	1,106,144	–	1,892,012
Accumulated impairment loss							
At 1 July 2019	–	–	113	34,389	83,473	10,018	127,993
Impairment loss for the financial year	5,425	–	33	10,711	28,435	27,427	72,031
Reversal of impairment loss for the financial year (Note 8(a))	–	–	(112)	(2,408)	(5,115)	–	(7,635)
Write off	–	–	–	(5,063)	(18,119)	–	(23,182)
Reclassification to non-current assets classified as held for sale (Note (i)(b))	(5,484)	–	–	–	–	–	(5,484)
Exchange differences	59	–	–	(4,208)	(2,718)	773	(6,094)
At 30 June 2020	–	–	34	33,421	85,956	38,218	157,629
Net book value							
At 30 June 2020	1,318,093	9,942	2,318	118,480	233,854	464,948	2,147,635

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Group	Buildings (i) RM'000	Land (ii) RM'000	Office equipment and vehicles RM'000	Furniture, fittings and other equipment RM'000	Renovations (iii) RM'000	Capital work-in-progress (iv) RM'000	Total RM'000
At 30 June 2019							
Cost							
At 1 July 2018	2,055,686	9,437	19,084	615,153	1,577,638	492,536	4,769,534
Additions	3,751	–	987	29,249	64,522	29,023	127,532
Disposals	–	–	(1,788)	(38,963)	(92,741)	–	(133,492)
Write off	–	–	–	(27,196)	(54,842)	(1,435)	(83,473)
Reclassification from investment properties (Note 12)	11,605	–	–	–	–	–	11,605
Reclassification	149	–	–	5,435	17,579	(23,163)	–
Exchange differences	(21,775)	364	(98)	(5,763)	(5,156)	(4,546)	(36,974)
At 30 June 2019	2,049,416	9,801	18,185	577,915	1,507,000	492,415	4,654,732
Accumulated depreciation							
At 1 July 2018	389,174	–	15,164	393,676	1,159,975	–	1,957,989
Charge for the financial year (Note 8(a))	58,796	–	1,603	51,673	112,748	–	224,820
Disposals	–	–	(1,643)	(34,940)	(89,915)	–	(126,498)
Write off	–	–	–	(22,817)	(40,859)	–	(63,676)
Reclassification from investment properties (Note 12)	1,585	–	–	–	–	–	1,585
Reclassification	–	–	–	15	(15)	–	–
Exchange differences	(3,106)	–	(94)	(1,200)	(7,320)	–	(11,720)
At 30 June 2019	446,449	–	15,030	386,407	1,134,614	–	1,982,500
Accumulated impairment loss							
At 1 July 2018	–	–	–	22,809	58,671	11,159	92,639
Impairment loss for the financial year	–	–	113	11,643	29,724	–	41,480
Reversal of impairment loss for the financial year (Note 8(a))	–	–	–	(883)	(7,092)	(1,418)	(9,393)
Write off	–	–	–	(32)	(49)	–	(81)
Exchange differences	–	–	–	852	2,219	277	3,348
At 30 June 2019	–	–	113	34,389	83,473	10,018	127,993
Net book value							
At 30 June 2019	1,602,967	9,801	3,042	157,119	288,913	482,397	2,544,239

11. PROPERTY, PLANT AND EQUIPMENT (continued)

Company	Office equipment RM'000	Motor vehicle RM'000	Total RM'000
Cost			
At 1 July 2018	–	137	137
Additions	9	–	9
Disposals	–	(137)	(137)
At 30 June 2019 and 1 July 2019 and 30 June 2020	**9**	**–**	**9**
Accumulated depreciation			
At 1 July 2018	–	137	137
Charge for the financial year (Note 8(a))	1	–	1
Disposals	–	(137)	(137)
At 30 June 2019 and 1 July 2019	**1**	**–**	**1**
Charge for the financial year (Note 8(a))	**1**	**–**	**1**
At 30 June 2020	**2**	**–**	**2**
Net book value			
At 30 June 2020	**7**	**–**	**7**
At 30 June 2019	8	–	8

(i) (a) As at 30 June 2020, net book values of buildings of RM926,041,000 (2019: RM1,126,681,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27.

(b) During the financial year ended 30 June 2020, the Group has identified and commenced negotiations with a potential purchaser for the proposed disposal of the whole retail podium of Parkson TD Plaza Shopping Center, a mixed commercial and residential development in Hai Phong City, Vietnam ("Property").

On 27 July 2020, Parkson Haiphong Co. Ltd. ("PHCL"), a wholly-owned subsidiary of Parkson Corporation Sdn Bhd which is in turn a wholly-owned subsidiary of Parkson Retail Asia Limited, a 67.96% owned subsidiary of the Company, entered into a conditional asset transfer agreement with the purchaser in relation to the proposed disposal of the Property at the Vietnamese Dong equivalent of US$10 million inclusive of value added tax.

Consequently, the building and land used rights have been reclassified as non-current assets classified as held for sale. The net book value of the Property as at 30 June 2020 is as follows:

	RM'000
Building	**22,605**
Land use rights (Note 13(a))	**18,039**
	40,644

11. PROPERTY, PLANT AND EQUIPMENT (continued)

(ii) The Group owns two pieces of land located in Tangerang Selatan, Banten, Indonesia with building use rights (Hak Guna Bangunan or HGB). The HGBs will expire on 18 December 2040 and 20 October 2028 respectively. Management believes that there will be no difficulty in extending the land rights since both the pieces of land were acquired and supported by legal ownership.

(iii) Included in renovations are the provisions for restoration costs based on the estimated costs to restore the leased areas at the end of their respective lease term.

(iv) Capital work-in-progress comprises mainly ongoing renovation for retail stores. These capital work-in-progress will be reclassified to appropriate categories of property, plant and equipment when they are ready for their intended use.

Included in capital work-in-progress as at 30 June 2020 is a building under construction located in Tianjin City, the PRC of Rmb741,203,000 (equivalent to approximately RM448,873,000) (2019: Rmb744,251,000 or equivalent to approximately RM448,486,000). As at 30 June 2020, the building is pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27 (2019: Nil).

(v) Analysis of purchase of property, plant and equipment during the financial years are as follows:

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Aggregate costs of purchase of property, plant and equipment	**128,531**	127,532	**–**	9
Hire purchase	**–**	(502)	**–**	–
Provisions for restoration costs (Note 30(i))	**(5,507)**	(5,681)	**–**	–
Cash payments during the financial years	**123,024**	121,349	**–**	9

(vi) Net book values of property, plant and equipment held under hire purchase agreement were as follows:

	Group
	2019
	RM'000
Motor vehicles	455
Furniture, fittings and other equipment	2,438
	2,893

On the initial adoption of MFRS 16, these assets were adjusted to right-of-use assets immediately before 1 July 2019.

(vii) During the financial year ended 30 June 2020, the Group has recognised impairment loss as follows:

	RM'000
Property, plant and equipment	**44,604**
Capital work-in-progress	**27,427** *
	72,031

* This relates to impairment of the capital work-in-progress for the proposed lease and acquisition of a retail mall in Cambodia.

12. INVESTMENT PROPERTIES

Group	2020 Completed investment properties (i) RM'000	2020 IPUC (ii) RM'000	2020 Total RM'000	2019 Completed investment properties (i) RM'000	2019 IPUC (ii) RM'000	2019 Total RM'000
Cost						
At 1 July 2019/2018	**15,659**	**194,033**	**209,692**	27,666	194,033	221,699
Reclassification from/(to) property, plant and equipment (Note 11)	**253,597**	**–**	**253,597**	(11,605)	–	(11,605)
Exchange differences	**105**	**–**	**105**	(402)	–	(402)
At 30 June	**269,361**	**194,033**	**463,394**	15,659	194,033	209,692
Accumulated depreciation						
At 1 July 2019/2018	**4,174**	**–**	**4,174**	5,375	–	5,375
Charge for the financial year (Note 8(a))	**2,462**	**–**	**2,462**	439	–	439
Reclassification from/(to) property, plant and equipment (Note 11)	**57,689**	**–**	**57,689**	(1,585)	–	(1,585)
Exchange differences	**46**	**–**	**46**	(55)	–	(55)
At 30 June	**64,371**	**–**	**64,371**	4,174	–	4,174
Accumulated impairment loss						
At 1 July 2019/2018	**–**	**5,033**	**5,033**	–	5,033	5,033
Impairment loss for the financial year	**–**	**18,500**	**18,500**	–	–	–
At 30 June	**–**	**23,533**	**23,533**	–	5,033	5,033
Net book value						
At 30 June	**204,990**	**170,500**	**375,490**	11,485	189,000	200,485
Fair value						
At 30 June	**1,824,676**	**170,500**	**1,995,176**	65,661	189,000	254,661

12. INVESTMENT PROPERTIES (continued)

	Group	
	2020	**2019**
	RM'000	**RM'000**
Rental income derived from investment properties	**1,377**	2,612
Direct operating expenses (including repair and maintenance) generating rental income	**(269)**	(446)
Profit arose from investment properties	**1,108**	2,166

(i) The Group's completed investment properties consist of commercial buildings. The fair values of buildings as at 30 June 2020 and 30 June 2019 were determined based on the valuations performed by accredited independent firm of professional valuers, on direct comparison method. The fair values of the completed investment properties are categorised as Level 3 under the fair value hierarchy.

Certain portions of the buildings are held for own use by the Group and such portions are classified as property, plant and equipment.

(ii) IPUC comprises land held by the Group. The land measuring 29.22 acres is located in Melaka, Malaysia and has a leasehold term of 99 years. The land is strategically located in a prime area designated for mixed development purposes, including a shopping mall.

The fair values of the land as at 30 June 2020 and 30 June 2019 were determined based on valuations performed by an independent professionally qualified valuer, on a direct comparison method. The fair value of the IPUC is categorised as Level 3 under the fair value hierarchy.

(iii) The Group has no restrictions on realisability of its investment properties and no contractual obligations to purchase, construct or develop investment properties or for repairs, maintenance and enhancements.

(iv) As at 30 June 2020, net book values of investment properties of RM345,942,000 (2019: RM190,808,000) are pledged for banking and loan facilities extended to the Group as disclosed in Note 27.

(v) Description of valuation techniques used and key inputs to valuation on investment properties are as follows:

Valuation technique	**Significant unobservable inputs**
Completed investment properties and IPUC at 30 June 2020 and 30 June 2019	
Direct comparison method	Selling price per square foot of comparable properties adjusted for location, accessibility, size, title conditions and restrictions, land tenure, zoning or designated use, building, improvements and amenities and time element.

Direct comparison method

Under the direct comparison method, a property's fair value is estimated based on comparable transactions. This approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold.

13. LEASES

The Group as a lessee

The Group has lease contracts for various items of property and other equipment used in its operations. Leases of these assets generally have lease terms between 2 to 20 years. Certain lease contracts have lease terms of 12 months or less and/or is individually of low value. There are several lease contracts that include variable lease payments, which are further discussed below:

(a) Land use rights

	Group	
	2020 RM'000	**2019 RM'000**
Cost		
At 1 July 2019/2018	**371,405**	375,319
Reclassification to non-current assets classified as held for sale (Note 11(i)(b))	**(27,119)**	–
Exchange differences	**2,692**	(3,914)
At 30 June	**346,978**	371,405
Accumulated amortisation		
At 1 July 2019/2018	**115,655**	108,466
Amortisation (Note 8(a))	**8,361**	8,436
Reclassification to non-current assets classified as held for sale (Note 11(i)(b))	**(4,705)**	–
Exchange differences	**852**	(1,247)
At 30 June	**120,163**	115,655
Accumulated impairment loss		
At 1 July 2019/2018	**–**	–
Impairment loss	**4,328**	–
Reclassification to non-current assets classified as held for sale (Note 11(i)(b))	**(4,375)**	–
Exchange differences	**47**	–
At 30 June	**–**	–
Net book value	**226,815**	255,750
Amount to be amortised:		
- Not later than one year	**7,968**	8,436
- Later than one year but not later than five years	**31,872**	33,756
- Later than five years	**186,975**	213,558

Land use rights include the payment for land use rights to the PRC authorities which are amortised on a straight-line basis over their respective lease periods, ranging from 42 to 45 years (2019: 42 to 45 years). The net book values of those leasehold land as at 30 June 2020 are RM226,815,000 (2019: RM233,713,000).

As at 30 June 2020, net book values of land use rights of RM220,136,000 (2019: RM226,758,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27.

On 27 July 2020, the Group proposed to dispose of the whole retail podium of Parkson TD Plaza Shopping Center, a mixed commercial and residential development in Hai Phong City, Vietnam as mentioned in Note 11(i)(b). The net book value of the land use rights of the Property as at 30 June 2020 of RM18,039,000 was reclassified as non-current assets classified as held for sale.

13. LEASES (continued)

The Group as a lessee (continued)

(b) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the financial year are as follows:

	Retail and office premises RM'000	Furniture, fittings and other equipment RM'000	Motor vehicles RM'000	Total RM'000
At 30 June 2019	–	–	–	–
Effect of MFRS 16 adoption	3,338,042	2,438	455	3,340,935
At 1 July 2019	3,338,042	2,438	455	3,340,935
Additions	346,822	4,483	–	351,305
Decrease arising from lease term modification and termination	(90,620)	–	–	(90,620)
Decrease arising from sublease	(23,625)	–	–	(23,625)
Depreciation (Note 8(a))	(462,977)	(1,178)	(91)	(464,246)
Impairment loss	(145,352)	–	–	(145,352)
Exchange diffrences	13,667	(19)	(3)	13,645
At 30 June 2020	2,975,957	5,724	361	2,989,042

(c) Lease liabilities

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

	Group 2020 RM'000
At 30 June 2019	–
Effect of MFRS 16 adoption	3,955,730
At 1 July 2019	3,955,730
Additions arising from new leases	342,522
Decrease arising from lease term modification and termination	(88,019)
Rent concessions	(57,688)
Interest expense	343,026
Payments	(575,257)
Exchange differences	28,634
At 30 June 2020	3,948,948
Disclosed as:	
Current	514,001
Non-current	3,434,947
	3,948,948

The weighted average incremental borrowing rate as at 1 July 2019 of the Group was 9.1%.

14. INTANGIBLE ASSETS

Group	Goodwill RM'000	Customer relationships RM'000	Computer software RM'000	Club memberships RM'000	Brands RM'000	Total RM'000
Cost						
At 1 July 2018	1,554,109	3,138	18,910	386	48,039	1,624,582
Additions	–	–	110	–	–	110
Write off	–	(3,249)	–	–	–	(3,249)
Exchange differences	(15,565)	111	88	3	(434)	(15,797)
At 30 June 2019 and 1 July 2019	**1,538,544**	**–**	**19,108**	**389**	**47,605**	**1,605,646**
Additions	**–**	**–**	**120**	**–**	**–**	**120**
Disposal of equity interest in a subsidiary	**(6,680)**	**–**	**–**	**–**	**–**	**(6,680)**
Exchange differences	**6,684**	**–**	**213**	**(2)**	**208**	**7,103**
At 30 June 2020	**1,538,548**	**–**	**19,441**	**387**	**47,813**	**1,606,189**
Accumulated amortisation						
At 1 July 2018	–	3,138	16,354	169	11,145	30,806
Amortisation (Note 8(a))	–	–	657	–	396	1,053
Write off	–	(3,249)	–	–	–	(3,249)
Exchange differences	–	111	164	2	(62)	215
At 30 June 2019 and 1 July 2019	**–**	**–**	**17,175**	**171**	**11,479**	**28,825**
Amortisation (Note 8(a))	**–**	**–**	**491**	**–**	**395**	**886**
Exchange differences	**–**	**–**	**189**	**1**	**46**	**236**
At 30 June 2020	**–**	**–**	**17,855**	**172**	**11,920**	**29,947**
Accumulated impairment loss						
At 1 July 2018	285,683	–	284	–	33,914	319,881
Exchange differences	(2,569)	–	11	–	(354)	(2,912)
At 30 June 2019 and 1 July 2019	**283,114**	**–**	**295**	**–**	**33,560**	**316,969**
Impairment loss	**–**	**–**	**–**	**–**	**775**	**775**
Disposal of equity interest in a subsidiary	**(6,680)**	**–**	**–**	**–**	**–**	**(6,680)**
Exchange differences	**1,416**	**–**	**1**	**–**	**157**	**1,574**
At 30 June 2020	**277,850**	**–**	**296**	**–**	**34,492**	**312,638**
Net carrying amount						
At 30 June 2020	**1,260,698**	**–**	**1,290**	**215**	**1,401**	**1,263,604**
At 30 June 2019	1,255,430	–	1,638	218	2,566	1,259,852

14. INTANGIBLE ASSETS (continued)

Company	**Club memberships**	
	2020	**2019**
	RM'000	**RM'000**
Cost		
At 1 July 2019/2018 and 30 June	**135**	135
Accumulated amortisation and impairment loss		
At 1 July 2019/2018 and 30 June	**107**	107
Net carrying amount		
At 30 June	**28**	28

Goodwill

The recoverable amount of the goodwill as at 30 June 2020 has been determined based on a value in use ("VIU") calculation using cash flow projections from financial budgets approved by directors covering a 5-year period. The impairment charge was recorded in the consolidated statement of profit or loss.

Customer relationships

Customer relationships arise from the "Privilege Card" loyalty programme of PT Tozy Sentosa. As disclosed in Note 2.10, customer relationships are amortised over their estimated useful lives of 5 years. Amortisation of customer relationships is included in the "depreciation and amortisation" line item of profit or loss.

(a) Impairment tests for goodwill

Management has carried out impairment test review for goodwill based on the recoverable amount of each cash-generating unit ("CGU"). The recoverable amount has been determined based on a VIU calculation using cash flow projections from financial budgets approved by directors covering a 5-year period.

The pre-tax discount rates applied to the cash flow projections are as follows:

	2020	**2019**
	%	**%**
CGU		
Malaysia	**15.8**	15.4
PRC	**13.3**	11.0

14. INTANGIBLE ASSETS (continued)

(a) Impairment tests for goodwill (continued)

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

	Malaysia RM'000	PRC RM'000	Total RM'000
Retailing			
At 30 June 2020	**19,722**	**1,240,976**	**1,260,698**
At 30 June 2019	19,722	1,235,708	1,255,430

(b) Key assumptions used in VIU calculations

The calculation of VIU for the CGUs are most sensitive to the following assumptions:

Revenue	:	the bases used to determine the future potential earnings are historical sales and expected growth rates of the relevant industry.
Gross margins	:	gross margins are based on the average gross margin achieved in the past 3 to 5 years.
Operating expenses	:	the bases used to determine the values assigned are the cost of inventories purchased for resale, staff costs, depreciation and amortisation, rental expenses and other operating expenses. The value assigned to the key assumption reflects past experience and management's commitment to maintain the operating expenses to an acceptable level.
Growth rates	:	the forecasted growth rates are based on published industry research and do not exceed the long term average growth rate for the industries relevant to the CGUs.
Discount rates	:	discount rates reflect management's estimate of the risks specific to these entities. In determining appropriate discount rates for each unit, consideration has been given to the applicable weighted average cost of capital for each unit.

(c) Sensitivity to changes in assumptions

With regard to the assessment of VIU of the respective CGU, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value, including goodwill, of the unit to materially exceed its recoverable amount.

15. INTERESTS IN SUBSIDIARIES

	Company 2020 RM'000	Company 2019 RM'000 (Restated)
Unquoted shares, at cost	**#**	#
Amount due from a subsidiary [(i)]	**7,197,016**	7,198,636
Share option granted to employees of subsidiaries	**23,951**	23,951
	7,220,967	7,222,587
Less: Accumulated impairment loss	**(4,570,718)**	(3,989,123)
	2,650,249	3,233,464
Accumulated impairment loss:		
At 1 July 2019/2018	**3,989,123**	3,906,488
Change for the financial year (Note 8(a))	**581,595**	82,635
At 30 June	**4,570,718**	3,989,123
Market value of quoted subsidiaries outside Malaysia	**408,134**	558,181

Represent RM24 (2019: RM24)

(i) The amount due from a subsidiary is unsecured and non-interest bearing. The Company regards the non-trade amount due from the subsidiary as part of the Company's interests in subsidiaries.

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	% of ownership interest held by the Group * 2019	% of ownership interest held by non-controlling interests * 2020	% of ownership interest held by non-controlling interests * 2019
<u>Held by the Company (Parkson Holdings Berhad)</u>						
East Crest International Limited	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Vietnam Investment Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Properties Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100	**–**	–
Prime Yield Holdings Limited	British Virgin Islands	Investment holding	**100**	100	**–**	–
Puncak Pelita Sdn Bhd ƒ	Malaysia	Investment holding	**100**	100	**–**	–
Corporate Code Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of East Crest International Limited						
PRG Corporation Limited ƒ	British Virgin Islands	Investment holding	**100**	100	**–**	–
Serbadagang Holdings Sdn Bhd ƒ	Malaysia	Ceased operation	**100**	100	**–**	–
Park Avenue Fashion Sdn Bhd	Malaysia	Retailing business	**100**	100	**–**	–
Smart Spectrum Limited	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Retail Asia Limited ("PRA") + β	Singapore	Investment holding	**68**	68	**32**	32
Parkson Services Pte Ltd ƒ ^	Singapore	Intellectual property holding	**100**	–	**–**	–
Subsidiary of Parkson Vietnam Investment Holdings Co Ltd						
Parkson TSN Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiaries of Parkson Properties Holdings Co Ltd						
Parkson Properties NDT (Emperor) Co Ltd	British Virgin Islands	Dormant	**100**	100	**–**	–
Parkson Properties Hanoi Co Ltd	British Virgin Islands	Dormant	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of Prime Yield Holdings Limited						
Dyna Puncak Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Gema Binari Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Parkson Credit Holdings Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Prestasi Serimas Sdn Bhd	Malaysia	Operation of food and beverage businesses	**100**	100	**–**	–
Subsidiary of PRG Corporation Limited						
Parkson Retail Group Limited ("PRGL") + @	Cayman Islands	Investment holding	**54.6** *1 **0.4**	54.6 *1 0.4	**45.0**	45.0
Subsidiary of PRGL						
Grand Parkson Retail Group Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiaries of Grand Parkson Retail Group Limited						
Leonemas International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Malverest Trading International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Oroleon International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Releomont International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Releomont (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Exonbury Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of Grand Parkson Retail Group Limited (continued)						
Parkson Investment Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Parkson Supplies Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Creation International Investment & Development Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Step Summit Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Global Heights Investment Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Golden Village Group Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Lung Shing International Investments & Development Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Capital Park Development Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Favor Move International Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Jet East Investments Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Bond Glory Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Victor Crest Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Lion Food & Beverage Ventures Limited +	British Virgin Islands	Investment holding	**91**	91	**9**	9
Yeehaw Best Practices Sdn Bhd ƒ	Malaysia	Operating as a licensor for the brand of "Franco"	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiary of Leonemas International Limited						
Leonemas (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Leonemas (Hong Kong) Limited						
Qingdao Lion Plaza Retail Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Malverest Trading International Limited						
Malverest (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Malverest (Hong Kong) Limited						
Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Parkson Retail Development Co Ltd						
Zhangjiakou Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Qingdao Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Qingdao Parkson Beer City Property Management Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiary of Oroleon International Limited						
Oroleon (Hong Kong) Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiaries of Oroleon (Hong Kong) Limited						
Parkson Retail Laos Holdings Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Parkson Credit Sdn Bhd (Note 15(a)(ii))	Malaysia	Provision of money lending and credit services	**70** *2 **30**	70 *2 30	**–**	–
Subsidiary of Parkson Retail Laos Holdings Sdn Bhd						
Parkson Lao Sole Co Ltd +	Lao People's Democratic Republic	Wholesale and retail trade	**100**	100	**–**	–
Subsidiary of Releomont (Hong Kong) Limited						
Anshan Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiaries of Exonbury Limited						
Hong Kong Fen Chai Investment Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	**–**	–
Shanghai Nine Sea Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	% of ownership interest held by the Group * 2019	% of ownership interest held by non-controlling interests * 2020	% of ownership interest held by non-controlling interests * 2019
Subsidiaries of Exonbury Limited (continued)						
Shanghai Lion Parkson Investment Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Parkson Investment Holdings Co Ltd +	People's Republic of China	Investment holding	**70** *3 **30**	70 *3 30	**–**	–
Jinan Lion Consultant Management Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Jiaxing Lion Retail Management Co Ltd + ^	People's Republic of China	Provision of consultancy and management services	**100**	–	**–**	–
Subsidiary of Hong Kong Fen Chai Investment Limited						
Xi'an Lucky King Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**91** *4 **9**	91 *4 9	**–**	–
Subsidiaries of Xi'an Lucky King Parkson Plaza Co Ltd						
Xi'an Chang'an Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *5 **49**	51 *5 49	**–**	–
Xi'an Shidai Parkson Store Co Ltd +	People's Republic of China	Operation of department stores	**51** *5 **49**	51 *5 49	**–**	–
Shanxi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of Shanghai Lion Parkson Investment Consultant Co Ltd						
Shanghai Shijie Fashions Co Ltd +	People's Republic of China	Sale of apparel	**100**	100	**–**	–
Shanghai Lion Parkson Management Consultant Co Ltd +	People's Republic of China	Provision of consultancy and management services	**100**	100	**–**	–
Subsidiary of Shanghai Lion Parkson Management Consultant Co Ltd						
Shanghai Shihong Supermarket Co Ltd +	People's Republic of China	Operation of gourmet supermarkets	**100**	100	**–**	–
Subsidiaries of Parkson Investment Holdings Co Ltd						
Shanghai Xinzhuang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Lanzhou Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Zigong Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Shanghai Lion Cosmetics Co Ltd +	People's Republic of China	Wholesale and retail of cosmetics and related products	**100**	100	**–**	–
Shanghai Parkson Food & Beverage Management Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of Shanghai Xinzhuang Parkson Retail Development Co Ltd						
Chenzhou Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Hunan Changsha Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Parkson Investment Pte Ltd						
Rosenblum Investments Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Subsidiaries of Parkson Supplies Pte Ltd						
Chongqing Wanyou Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Mianyang Fulin Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60** *6 **40**	60 *6 40	**–**	–
Sichuan Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
<u>Subsidiary of Creation International Investment & Development Limited</u>						
Creation (Hong Kong) Investment & Development Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	**–**	–
<u>Subsidiaries of Step Summit Limited</u>						
Guizhou Shenqi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**60**	60	**40**	40
Shanghai Hongqiao Parkson Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Hefei Parkson Xiaoyao Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Guizhou Tongren Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
<u>Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd</u>						
Changshu Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Shaoxing Shishang Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Changzhou Shifeng Retail Development Co Ltd +	People's Republic of China	Sale of apparel	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	% of ownership interest held by the Group * 2019	% of ownership interest held by non-controlling interests * 2020	% of ownership interest held by non-controlling interests * 2019
Subsidiaries of Shanghai Hongqiao Parkson Development Co Ltd (continued)						
Changzhou Lion Food & Beverage Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Shanghai Delight Food & Beverage Management Co Ltd +	People's Republic of China	Food and beverage operation	**100**	100	**–**	–
Subsidiaries of Shanghai Delight Food & Beverage Management Co Ltd						
Shanghai Delight Food Co Ltd +	People's Republic of China	Food operation	**100**	100	**–**	–
Kunming Hogan Food & Beverage Management Co Ltd +	People's Republic of China	Food and beverage operation	**100**	100	**–**	–
Subsidiaries of Hefei Parkson Xiaoyao Plaza Co Ltd						
Anshan Tianxing Parkson Shopping Centre Co Ltd +	People's Republic of China	Operation of department stores	**51** *7 **49**	51 *7 49	**–**	–
Qingdao Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Global Heights Investment Limited						
Asia Victory International Limited +	British Virgin Islands	Domestic and cross-border trade	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
<u>Subsidiary of Asia Victory International Limited</u>						
Shunhe International Investment Limited +	Hong Kong SAR	Provision of consultancy services	**100**	100	**–**	–
<u>Subsidiary of Shunhe International Investment Limited</u>						
Kunming Yun Shun He Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
<u>Subsidiaries of Kunming Yun Shun He Retail Development Co Ltd</u>						
Guizhou Zunyi Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**90** *8 **10**	90 *8 10	**–**	–
Guizhou Liupanshui Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Suzhou Parkson Changfa Commercial Management Co Ltd (formerly known as Kunshan Parkson Retail Development Co Ltd) +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Panzhihua Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Tianjin Parkson Shopping Mall Co Ltd +	People's Republic of China	Operation of department stores and property management	**60** *9 **20** *10 **20**	60 *9 20 *10 20	**–**	–
Parkson Business Commerce Sole Co Ltd + ^	Lao People's Democratic Republic	Operation of department stores	**100**	–	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of Golden Village Group Limited						
Duo Success Investments Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Jiangxi Parkson Retail Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Jiangxi Parkson Shopping Centre Management Co Ltd + ^	People's Republic of China	Property management	**100**	–	**–**	–
Subsidiary of Duo Success Investments Limited						
Huge Return Investment Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Lung Shing International Investments & Development Limited						
Anshan Lung Shing Property Services Co Ltd +	People's Republic of China	Property management	**100**	100	**–**	–
Subsidiary of Capital Park Development Limited						
Capital Park (HK) Investment & Development Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Capital Park (HK) Investment & Development Limited						
Wuxi Sanyang Parkson Plaza Co Ltd +	People's Republic of China	Operation of department stores	**60**	60	**40**	40

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	% of ownership interest held by the Group * 2019	% of ownership interest held by non-controlling interests * 2020	% of ownership interest held by non-controlling interests * 2019
Subsidiary of Favor Move International Limited						
Hanmen Holdings Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Jet East Investments Limited						
Victory Hope Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Victory Hope Limited						
Nanning Brilliant Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	**70** *11 **30**	70 *11 30	**–**	–
Subsidiary of Bond Glory Limited						
Choice Link Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiary of Choice Link Limited						
Great Dignity Development Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Great Dignity Development Limited						
Shantou Parkson Commercial Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiary of Victor Crest Limited						
Wide Crest Limited +	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiaries of Wide Crest Limited						
Wide Field International Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Sea Coral Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Parkson Venture Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Subsidiary of Wide Field International Limited						
Shenyang Parkson Shopping Plaza Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Sea Coral Limited						
Dalian Parkson Retail Development Co Ltd +	People's Republic of China	Operation of department stores	**100**	100	**–**	–
Subsidiary of Parkson Venture Pte Ltd						
Qingdao No. 1 Parkson Co Ltd +	People's Republic of China	Operation of department stores	**95.9**	95.9	**4.1**	4.1

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiary of Lion Food & Beverage Ventures Limited						
Parkson Food & Beverage Ventures Limited +	Hong Kong SAR	Investment holding	**100**	100	**–**	–
Subsidiary of Parkson Food & Beverage Ventures Limited						
Shanghai Lion Food and Beverage Management Co Ltd +	People's Republic of China	Food and beverage management services	**100**	100	**–**	–
Subsidiaries of PRA						
Parkson Corporation Sdn Bhd	Malaysia	Operation of department stores	**100**	100	**–**	–
Centro Retail Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
PT Tozy Sentosa +	Indonesia	Operation of department stores, supermarkets and merchandising	**90** *12 **10**	90 *12 10	**–**	–
Parkson Myanmar Co Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Parkson Yangon Company Limited +	Myanmar	Operation of department stores	**95** *13 **5**	95 *13 5	**–**	–
Subsidiaries of Parkson Corporation Sdn Bhd						
Parkson Vietnam Co Ltd +	Vietnam	Operation of department stores	**100**	100	**–**	–
Parkson Haiphong Co Ltd +	Vietnam	Operation of department stores	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of Parkson Corporation Sdn Bhd (continued)						
Kiara Innovasi Sdn Bhd	Malaysia	Operation of department stores	**100**	100	**–**	–
Parkson Cambodia Holdings Co Ltd	British Virgin Islands	Investment holding	**100**	100	**–**	–
Parkson Online Sdn Bhd (Dissolved on 7.10.2019)	Malaysia	Dormant	**–**	100	**–**	–
Parkson SGN Co Ltd +	Vietnam	Operation of retail stores	**100**	100	**–**	–
Parkson Edutainment World Sdn Bhd	Malaysia	Dormant	**100**	100	**–**	–
Parkson Lifestyle Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Parkson Unlimited Beauty Sdn Bhd	Malaysia	Import, operate and distribute fragrance and beauty care products	**100**	100	**–**	–
Parkson Private Label Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Parkson Trading (Vietnam) Company Limited +	Vietnam	Wholesaler of apparels and consumer products	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of Parkson Corporation Sdn Bhd (continued)						
Solid Gatelink Sdn Bhd	Malaysia	Operation of food and beverage businesses	**100**	100	**–**	–
Parkson Trends Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Subsidiary of Parkson Vietnam Co Ltd						
Parkson Vietnam Management Services Co Ltd +	Vietnam	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	**100**	100	**–**	–
Subsidiary of Parkson Cambodia Holdings Co Ltd						
Parkson (Cambodia) Co Ltd +	Cambodia	Dormant	**100**	100	**–**	–
Subsidiary of Parkson Myanmar Co Pte Ltd						
Parkson Myanmar Investment Company Pte Ltd +	Singapore	Investment holding	**70**	70	**30**	30

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019	% of ownership interest held by non-controlling interests * 2020	2019
Subsidiaries of Parkson Myanmar Investment Company Pte Ltd						
Parkson Myanmar Asia Pte Ltd +	Singapore	Investment holding	**100**	100	**–**	–
Myanmar Parkson Company Limited +	Myanmar	Dormant	**90** *14 **10**	90 *14 10	**–**	–
Subsidiary of Parkson TSN Holdings Co Ltd						
Parkson HBT Properties Co Ltd +	Vietnam	Real estate consulting and management services	**100**	100	**–**	–
Subsidiaries of Dyna Puncak Sdn Bhd						
Idaman Erajuta Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
Magna Rimbun Sdn Bhd	Malaysia	Investment holding	**100**	100	**–**	–
True Excel Investments Limited	British Virgin Islands	Investment holding	**100**	100	**–**	–
Subsidiary of Idaman Erajuta Sdn Bhd						
Festival City Sdn Bhd	Malaysia	Operation of department stores and property management	**100**	100	**–**	–
Subsidiary of Magna Rimbun Sdn Bhd						
Megan Mastika Sdn Bhd	Malaysia	Property management and investment holding	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	% of ownership interest held by the Group * 2019	% of ownership interest held by non-controlling interests * 2020	% of ownership interest held by non-controlling interests * 2019
Subsidiary of Megan Mastika Sdn Bhd						
Dimensi Andaman Sdn Bhd ƒ	Malaysia	Investment holding, property development and project management	**100**	100	**–**	–
Subsidiary of True Excel Investments Limited						
True Excel Investments (Cambodia) Co Ltd +	Cambodia	Investment holding	**100**	100	**–**	–
Subsidiaries of Gema Binari Sdn Bhd						
Parkson Branding Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Giftmate Sdn Bhd ƒ (Note 15(a)(i))	Malaysia	Trading of all kinds of gifts and souvenir products	**–**	60	**–**	40
Subsidiaries of Parkson Branding Sdn Bhd						
Parkson Fashion Sdn Bhd	Malaysia	Distribution and retailing of fashionable goods	**100**	100	**–**	–
Parkson Branding (L) Limited (Struck off on 6.7.2019)	Malaysia	Dormant	**100**	100	**–**	–
Subsidiary of Prestasi Serimas Sdn Bhd						
Ombrello Resources Sdn Bhd ƒ	Malaysia	Trading of food and beverages	**100**	100	**–**	–

15. INTERESTS IN SUBSIDIARIES (continued)

All the companies are audited by Ernst & Young PLT Malaysia except for those marked ("+") which the company or group companies are audited by a member firm of Ernst & Young PLT Global in the respective countries, and those marked ("*f*") which are audited by other firms.

*	Equals to the proportion of voting rights held.
*1	Held by East Crest International Limited.
*2	Held by Parkson Credit Holdings Sdn Bhd.
*3	Held by Parkson Investment Pte Ltd.
*4	Held by Huge Return Investment Limited.
*5	Held by Parkson Retail Development Co Ltd.
*6	Held by Shanghai Hongqiao Parkson Development Co Ltd.
*7	Held by Creation (Hong Kong) Investment & Development Limited.
*8	Held by Parkson Investment Holdings Co Ltd.
*9	Held by Xi'an Lucky King Parkson Plaza Co Ltd.
*10	Held by Nanning Brilliant Parkson Commercial Co Ltd.
*11	Held by Hanmen Holdings Limited.
*12	Held by Centro Retail Pte Ltd.
*13	Held by Parkson Myanmar Co Pte Ltd.
*14	Held by Parkson Myanmar Asia Pte Ltd.
^	Subsidiaries which were newly incorporated during the financial year.
β	Listed on the Singapore Exchange Securities Trading Limited.
@	Listed on The Stock Exchange of Hong Kong Limited.

15. INTERESTS IN SUBSIDIARIES (continued)

(a) Disposal and dilution of interests in subsidiaries

During the current financial year and in the previous financial year, the Group completed the following disposals:

(i) 60% equity interest in Giftmate Sdn Bhd ("Giftmate")

On 20 January 2020, Gema Binari Sdn Bhd ("Gema Binari"), a wholly-owned subsidiary of the Company, completed the disposal of its entire 60% equity interest comprising 120,000 ordinary shares in Giftmate at a consideration of RM1,100,000 ("Disposal of Giftmate").

Following the completion of the Disposal of Giftmate, Giftmate ceased to be a subsidiary of Gema Binari and of the Company.

The disposal had the following effects on the Group's financial results and position for the financial year ended 30 June 2020:

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

(ii) 70% equity interest in Parkson Credit Sdn Bhd ("Parkson Credit") which resulted in dilution of interest

In the previous financial year ended 30 June 2019, Parkson Credit Holdings Sdn Bhd ("Parkson Credit Holdings"), a wholly-owned subsidiary of the Company, completed the disposal to Oroleon (Hong Kong) Limited ("Oroleon"), a wholly-owned subsidiary of PRGL, of 70% of the equity interest comprising 21,000,000 ordinary shares in Parkson Credit at a consideration of RM49,000,000 ("Disposal of Parkson Credit").

Following the completion of the Disposal of Parkson Credit, Parkson Credit became an indirect 70% owned subsidiary of PRGL with the remaining 30% being owned by Parkson Credit Holdings and hence, Parkson Credit remains a subsidiary of the Company. The Disposal of Parkson Credit had resulted in the dilution of the Group's effective interest in Parkson Credit from 100% to 68.48%.

15. INTERESTS IN SUBSIDIARIES (continued)

(a) Disposal and dilution of interests in subsidiaries (continued)

During the current financial year and in the previous financial year, the Group completed the following disposals: (continued)

(ii) 70% equity interest in Parkson Credit which resulted in dilution of interest (continued)

The effects of the change in Group's ownership interest in Parkson Credit are as follows:

	Group 2019 RM'000
Decrease in non-controlling interests	(7,449)
Increase in equity attributable to owners of the parent	7,449

(b) Material non-controlling interests

Financial information of subsidiaries which have non-controlling interests that are material to the Group is set out below.

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2020 %	2019 %
PRA	Singapore	**32.0**	32.0
PRGL	Cayman Islands	**45.0**	45.0

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

	Group	
	2020 RM'000	2019 RM'000
Accumulated net assets/(liabilities) balances of non-controlling interests:		
PRA	**(65,118)**	15,231
PRGL	**1,102,060**	1,247,858
Other individually immaterial subsidiaries	**–**	1,271
Total	**1,036,942**	1,264,360
(Loss)/profit allocated to non-controlling interests:		
PRA	**(82,851)**	(32,712)
PRGL	**(107,870)**	9,742
Other individually immaterial subsidiaries	**(173)**	(114)
Total	**(190,894)**	(23,084)

15. INTERESTS IN SUBSIDIARIES (continued)

(b) Material non-controlling interests (continued)

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

	PRA		PRGL	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(i) Summarised statements of financial position				
Non-current assets	**1,108,534**	375,645	**6,661,269**	4,853,655
Current assets	**253,070**	414,130	**2,029,666**	2,409,308
Non-current liabilities	**(950,694)**	(142,773)	**(4,241,757)**	(2,867,181)
Current liabilities	**(613,440)**	(601,757)	**(1,932,671)**	(1,556,873)
Non-controlling interests	**338**	119	**(72,072)**	(74,439)
Total equity	**(202,192)**	45,364	**2,444,435**	2,764,470
Attributable to non-controlling interests	**(65,118)**	15,231	**1,102,060**	1,247,858
(ii) Summarised statements of profit or loss				
Revenue	**818,036**	1,205,197	**2,403,571**	2,768,422
Loss for the financial year	**(257,952)**	(104,630)	**(257,758)**	(7,933)
Attributable to non-controlling interests	**(82,851)**	(32,712)	**(107,870)**	9,742
Dividends paid to non-controlling interests	**–**	–	**(10,223)**	(30,598)

15. INTERESTS IN SUBSIDIARIES (continued)

(b) Material non-controlling interests (continued)

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

	PRA		PRGL	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
(iii) Summarised statements of other comprehensive income				
Other comprehensive income/(loss) attributable to non-controlling interests:				
- Change in fair value of financial assets	**(723)**	(168)	**–**	–
- Foreign currency translation	**(1,181)**	1,055	**(32,070)**	(56,044)
(iv) Summarised statements of changes in equity				
Effect of MFRS 16 adoption, attributable to non-controlling interests	**4,406**	–	**4,365**	–
(v) Summarised statements of cash flows				
Operating activities	**51,330**	66,001	**286,446**	407,283
Investing activities	**(24,487)**	(57,246)	**895,794**	233,950
Financing activities	**(174,690)**	34,007	**(1,095,286)**	(523,599)
Net (decrease)/increase in cash and cash equivalents	**(147,847)**	42,762	**86,954**	117,634

16. INVESTMENTS IN ASSOCIATES

	Group 2020 RM'000	Group 2019 RM'000
Unquoted shares in Malaysia, at cost	**15,926**	15,926
Unquoted shares outside Malaysia, at cost	**24,056**	24,056
Share of post-acquisition reserves	**(3,547)**	(4,421)
Less: Accumulated impairment loss	**(10,987)**	(10,987)
	25,448	24,574
Exchange differences	**1,151**	1,013
	26,599	25,587
Accumulated impairment loss: At 1 July 2019/2018 and 30 June	**10,987**	10,987

Details of associates are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	2019
Shanghai Nine Sea Lion Properties Management Co Ltd ("Shanghai Nine Sea") &	People's Republic of China	Property management and real estates services	**35**	35
Parkson Hanoi Co Ltd #	Vietnam	Dormant	**42**	42
Parkson Newcore Retail Shanghai Ltd ("Parkson Newcore") #	People's Republic of China	Operation of outlet stores	**49**	49
Habitat Blue Sdn Bhd ("Habitat Blue") &	Malaysia	Operation of computer software development and maintenance	**40**	40
AUM Hospitality Sdn Bhd (Under court liquidation)	Malaysia	Investment holding and provision of management services	**20**	20

* Equals to the proportion of voting rights held.

\# Audited by a member firm of Ernst & Young PLT Global.

& Audited by a firm other than Ernst & Young PLT.

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

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

16. INVESTMENTS IN ASSOCIATES (continued)

All of the associates have the same reporting period as the Group except for Shanghai Nine Sea, Parkson Newcore and Habitat Blue which is 31 December. For the purpose of applying the equity method of accounting for associates, the last audited financial statements available and the management financial statements as at end of the accounting period of the associates were used.

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

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

16. INVESTMENTS IN ASSOCIATES (continued)

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

		Parkson Newcore RM'000	Shanghai Nine Sea RM'000	Total RM'000
2019				
(i)	Summarised statements of financial position			
	Non-current assets	46,453	33	46,486
	Current assets	92,748	9,366	102,114
	Total assets	139,201	9,399	148,600
	Non-current liabilities	6,001	–	6,001
	Current liabilities	83,886	5,335	89,221
	Total liabilities	89,887	5,335	95,222
	Net assets	49,314	4,064	53,378
(ii)	Summarised statements of profit or loss			
	Revenue	528,400	19,433	547,833
	Profit for the financial year	15,299	183	15,482
(iii)	Dividend received from an associate	–	(170)	(170)
(iv)	Group's share of net assets, representing carrying amount of Group's interest in associates	24,164	1,423	25,587
(v)	Group's share of results of associates	7,496	64	7,560

16. INVESTMENTS IN ASSOCIATES (continued)

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
Loss for the financial year	**(1,410)**	(1,028)
Group's share of current year's unrecognised loss	**(564)**	(412)
Group's cumulative share of unrecognised loss	**(3,636)**	(3,072)

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

17. INVESTMENTS IN JOINT VENTURES

	Group	
	2020	**2019**
	RM'000	**RM'000**
Unquoted shares in Malaysia, at cost	**19,300**	19,300
Unquoted shares outside Malaysia, at cost	**4,675**	4,675
Share of post-acquisition reserves	**(1,195)**	3,494
Less: Accumulated impairment loss	**(7,741)**	(7,741)
	15,039	19,728
Exchange differences	**2,890**	2,717
	17,929	22,445
Accumulated impairment loss:		
At 1 July 2019/2018 and 30 June	**7,741**	7,741

17. INVESTMENTS IN JOINT VENTURES (continued)

Details of joint ventures are as follows:

Name	Country of incorporation	Principal activities	% of ownership interest held by the Group * 2020	% of ownership interest held by the Group * 2019
Xinjiang Youhao Parkson Development Co Ltd ("Xinjiang Youhao") ^	People's Republic of China	Operation of department stores	**51**	51
Marlow House Asia Limited &	British Virgin Islands	Investment holding	**50**	50
Watatime group of companies: &				
Watatime Marketing Sdn Bhd	Malaysia	Wholesaling of watches	**50**	50
J. Bovier Time (M) Sdn Bhd	Malaysia	Retailing of watches	**50**	50
Watatime (Subang) Sdn Bhd	Malaysia	Retailing of watches	**37.5**	37.5
Watatime (M) Sdn Bhd	Malaysia	Retailing of watches	**50**	50
Watatime Group Sdn Bhd	Malaysia	Dormant	**50**	50
The Timepiece Repair Specialist Sdn Bhd	Malaysia	Retailing of watches	**50**	50
Wata Time (S) Pte Ltd	Singapore	Dormant	**50**	50
Valino International Apparel Sdn Bhd ("Valino") &	Malaysia	Ceased operation	**50**	50

* The Group has voting rights of all its joint ventures under the contractual arrangements, unanimous consent is required from all parties to the agreements for all relevant activities.

^ Although the Group has ownership indirectly through subsidiary of more than half of the voting power of the subject entity, the joint venture agreement established joint control over the subject entity. The joint venture agreement ensures that no single venturer is in a position to control the activities of the entity unilaterally. The entity forms part of the PRGL group of companies, which is audited by a member firm of Ernst & Young PLT Global.

& Audited by a firm other than Ernst & Young PLT.

All the investments in joint ventures are accounted for using the equity method.

Impairment loss on a joint venture is recognised to reduce the carrying value of the investment to the estimated recoverable amount.

17. INVESTMENTS IN JOINT VENTURES (continued)

All of the joint ventures have the same reporting period as the Group except for Xinjiang Youhao and Valino which is 31 December. For the purpose of applying the equity method of accounting for joint ventures, the last audited financial statements available and the management financial statements as at end of the accounting period of the joint ventures were used.

There are no material contingent liability and capital commitment relating to joint ventures as at 30 June 2020 and 30 June 2019.

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

		Watatime group of companies RM'000	Xinjiang Youhao RM'000	Total RM'000
2020				
(i)	Summarised statements of financial position			
	Non-current assets	**7,238**	**5,158**	**12,396**
	Current assets	**55,886**	**93,663**	**149,549**
	Total assets	**63,124**	**98,821**	**161,945**
	Non-current liabilities	**–**	**1,019**	**1,019**
	Current liabilities	**63,783**	**62,648**	**126,431**
	Total liabilities	**63,783**	**63,667**	**127,450**
	Net (liabilities)/assets	**(659)**	**35,154**	**34,495**
(ii)	Summarised statements of profit or loss			
	Revenue	**34,567**	**87,404**	**121,971**
	(Loss)/profit for the financial year	**(2,062)**	**10,033**	**7,971**
(iii)	Dividend received from a joint venture	**–**	**(9,191)**	**(9,191)**
(iv)	Group's share of net (liabilities)/assets	**(977)**	**17,929**	**16,952**
	Cumulative share of unrecognised loss	**2,985**	**–**	**2,985**
	Cumulative impairment loss	**(2,008)**	**–**	**(2,008)**
	Carrying amount of Group's interest in joint ventures	**–**	**17,929**	**17,929**
(v)	Group's share of results of joint ventures	**–**	**5,117**	**5,117**

17. INVESTMENTS IN JOINT VENTURES (continued)

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

		Watatime group of companies RM'000	Xinjiang Youhao RM'000	Total RM'000
2019				
(i)	Summarised statements of financial position			
	Non-current assets	8,474	6,969	15,443
	Current assets	54,347	105,991	160,338
	Total assets	62,821	112,960	175,781
	Non-current liabilities	–	1,014	1,014
	Current liabilities	61,418	69,142	130,560
	Total liabilities	61,418	70,156	131,574
	Net assets	1,403	42,804	44,207
(ii)	Summarised statements of profit or loss			
	Revenue	49,173	98,925	148,098
	(Loss)/profit for the financial year	(3,723)	18,208	14,485
(iii)	Dividend received from a joint venture	–	(10,805)	(10,805)
(iv)	Group's share of net assets	137	21,830	21,967
	Cumulative share of unrecognised loss	1,871	–	1,871
	Cumulative impairment loss	(2,008)	–	(2,008)
	Carrying amount of Group's interest in joint ventures	–	21,830	21,830
(v)	Group's share of results of joint ventures	–	9,287	9,287

17. INVESTMENTS IN JOINT VENTURES (continued)

The summarised aggregate financial information of the Group's other individually non-material joint ventures and Group's share of results of joint ventures and carrying amount of the Group's interest in joint ventures, are set out below:

	Group 2020 RM'000	2019 RM'000
Loss for the financial year	**(1,230)**	(1,375)
Group's share of results of joint ventures	**(615)**	(688)
Carrying amount of the Group's interest in individually non-material joint ventures	**–**	615

18. DEFERRED TAX ASSETS/(LIABILITIES)

	Group 2020 RM'000	2019 RM'000
At 30 June 2019/2018	**(23,842)**	(29,530)
Effect of MFRS 16 adoption	**(1,971)**	–
At 1 July 2019/2018	**(25,813)**	(29,530)
Recognised in profit or loss (Note 9)	**33,160**	4,919
Disposal of equity interest in a subsidiary	**11**	–
Exchange differences	**66**	769
At 30 June	**7,424**	(23,842)
Presented after appropriate offsetting as follows:		
Deferred tax assets	**157,606**	117,531
Deferred tax liabilities	**(150,182)**	(141,373)
	7,424	(23,842)

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

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

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Right-of-use assets and lease liabilities RM'000	Accrued rental expenses RM'000	Others * RM'000	Total RM'000
At 30 June 2019	**1,193**	**7,643**	**–**	**98,922**	**9,773**	**117,531**
Effect of MFRS 16 adoption	**–**	**–**	**96,951**	**(98,922)**	**–**	**(1,971)**
At 1 July 2019	**1,193**	**7,643**	**96,951**	**–**	**9,773**	**115,560**
Recognised in profit or loss	**165**	**20,973**	**26,252**	**–**	**(6,330)**	**41,060**
Exchange differences	**9**	**297**	**281**	**–**	**399**	**986**
At 30 June 2020	**1,367**	**28,913**	**123,484**	**–**	**3,842**	**157,606**
At 1 July 2018	1,342	14,436	–	93,245	16,624	125,647
Recognised in profit or loss	(133)	(6,638)	–	6,828	(6,834)	(6,777)
Exchange differences	(16)	(155)	–	(1,151)	(17)	(1,339)
At 30 June 2019	1,193	7,643	–	98,922	9,773	117,531

* Others comprise accrued of coupon provision and other expenses.

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000	Asset revaluation RM'000	Withholding taxes RM'000	Total RM'000
At 1 July 2019	**(6,862)**	**(126,891)**	**(7,620)**	**(141,373)**
Recognised in profit or loss	**1,258**	**8,573**	**(17,731)**	**(7,900)**
Disposal of equity interest in a subsidiary	**11**	**–**	**–**	**11**
Exchange differences	**(17)**	**(646)**	**(257)**	**(920)**
At 30 June 2020	**(5,610)**	**(118,964)**	**(25,608)**	**(150,182)**
At 1 July 2018	(8,325)	(131,243)	(15,609)	(155,177)
Recognised in profit or loss	1,391	2,482	7,823	11,696
Exchange differences	72	1,870	166	2,108
At 30 June 2019	(6,862)	(126,891)	(7,620)	(141,373)

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

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
Unused tax losses	**1,281,632**	955,261
Unabsorbed capital allowances	**29,646**	26,011
Other temporary differences	**38,772**	16,517
	1,350,050	997,789
Deferred tax at respective jurisdiction's applicable tax rate, if recognised	**330,148**	244,305

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

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

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

As announced in the Annual Budget 2019, effective from year of assessment 2019, the unused tax losses of Malaysian entities as at 31 December 2018 and thereafter will only be available for carry forward for a period of 7 consecutive years. Upon expiry of the 7 years, the unabsorbed losses will be disregarded.

19. AMOUNTS DUE FROM SUBSIDIARIES

	Company	
	2020	**2019**
	RM'000	**RM'000**
		(Restated)
Non-current		
Amounts due from subsidiaries	**32,746**	38,440
Less: Allowance for expected credit loss ("ECL")	**(23,832)**	(24,345)
	8,914	14,095
Current		
Amounts due from subsidiaries	**13,128**	8,929
Less: Allowance for ECL	**(1,046)**	(1,046)
	12,082	7,883
Total amounts due from subsidiaries	**20,996**	21,978
Movement in allowance accounts:		
At 1 July 2019/2018	**25,391**	817
Charge for the financial year	**–**	24,574
Reversal during the financial year	**(513)**	–
At 30 June	**24,878**	25,391

The non-current portion of the amounts due from subsidiaries represents the amount which the Company does not intend to demand repayment within twelve months from the reporting date. An amount of RM32,429,000 (2019: RM37,605,000) bears interests ranging from 3% to 7% per annum (2019: 7% per annum).

The current portion of the amounts due from subsidiaries are unsecured, repayable on demand and interest free except for the amount of RM3,000,000 (2019: RM3,000,000) which bears interest of 6.18% per annum (2019: 6.18% per annum).

20. TRADE AND OTHER RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000	Company 2020 RM'000	Company 2019 RM'000
Non-current				
Trade receivables (i)				
Third parties	**74,448**	70,036	**–**	–
Less: Allowance for ECL	**(2,485)**	(2,068)	**–**	–
Trade receivables, net	**71,963**	67,968	**–**	–
Current				
Trade receivables (i)				
Third parties	**123,558**	173,061	**–**	–
Less: Allowance for ECL	**(7,867)**	(3,252)	**–**	–
Trade receivables, net	**115,691**	169,809	**–**	–
Other receivables				
Sundry receivables (ii)	**139,376**	185,097	**2**	2
Less: Allowance for ECL	**(19,846)**	(10,389)	**–**	–
	119,530	174,708	**2**	2
Prepayments	**67,197**	96,708	**–**	–
Less: Allowance for ECL	**(14,601)**	(10,349)	**–**	–
	52,596	86,359	**–**	–
Deposits (iii)	**75,315**	75,733	**12**	12
Less: Allowance for ECL	**(44,591)**	(44,243)	**–**	–
	30,724	31,490	**12**	12
Amounts due from associates and joint ventures (iv)	**37,084**	29,908	**774**	19
Less: Allowance for ECL	**(27,060)**	(19,889)	**(750)**	–
	10,024	10,019	**24**	19
Amounts due from managed stores (v)	**13,817**	13,188	**–**	–
Less: Allowance for ECL	**(13,320)**	(12,949)	**–**	–
	497	239	**–**	–
Lease prepayments	**40,710**	107,563	**–**	–
Deferred lease expense (Note 21)	**–**	1,435	**–**	–
Lease receivables from subleases (Note 21)	**40,692**	–	**–**	–
Amounts due from related parties (vi)	**455**	455	**122**	122
Other receivables, net	**295,228**	412,268	**160**	155
Total current trade and other receivables	**410,919**	582,077	**160**	155

20. TRADE AND OTHER RECEIVABLES (continued)

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Trade and other receivables (as above)				
- non-current	**71,963**	67,968	**–**	–
- current	**410,919**	582,077	**160**	155
Total trade and other receivables	**482,882**	650,045	**160**	155
Add: Deposits, cash and bank balances (Note 23)	**1,754,403**	2,501,399	**2,427**	11,571
Add: Lease deposits and other deposits	**154,444**	150,100	**–**	–
Add: Long term lease receivables from subleases (Note 21)	**219,282**	–	**–**	–
Add: Amounts due from subsidiaries (Note 19)	**–**	–	**20,996**	21,978
Less: Prepayments	**(52,596)**	(86,359)	**–**	–
Less: Lease prepayments	**(40,710)**	(107,563)	**–**	–
Less: Deferred lease expense	**–**	(1,435)	**–**	–
Total financial assets carried at amortised cost	**2,517,705**	3,106,187	**23,583**	33,704

(i) Trade receivables

Included in trade receivables are loan receivables from credit services segment of RM150,257,000 (2019: RM155,982,000).

(ii) Sundry receivables

Sundry receivables comprise the following:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Advances to suppliers	**45,036**	34,932	**–**	–
Accrued interest on deposits	**15,395**	49,981	**–**	–
Others	**78,945**	100,184	**2**	2
	139,376	185,097	**2**	2

Sundry receivables are non-interest bearing with average credit terms ranging from 1 to 90 days (2019: 1 to 90 days).

20. TRADE AND OTHER RECEIVABLES (continued)

(iii) Deposits

Included in deposits are amounts of RM31,586,000 (2019: RM30,449,000) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to two individuals and a Vietnamese company (collectively the "Vietnamese Store Owners"). These Vietnamese Store Owners separately own department stores in Vietnam which are operated and managed by Parkson Vietnam Management Services Co Ltd, a subsidiary of the Group. Pursuant to agreements entered into between these Vietnamese Store Owners, Parkson Vietnam is allowed to acquire certain equity interests in the department stores upon fulfilment of certain conditions. The deposits are non-interest bearing and are secured by certain percentage of the charter capital of the Vietnamese Store Owners in the companies operating the department stores and the assets of the Vietnamese company's department store. These deposits have been fully impaired in the previous financial years.

(iv) Amounts due from associates and joint ventures

Included in amounts due from associates and joint ventures are:

(a) an amount due from an associate, Parkson Hanoi Co Ltd of RM18,217,000 (2019: RM11,796,000) which is unsecured, non-interest bearing and repayable upon demand.

(b) loans and related interest receivables due from a joint venture, Watatime (M) Sdn Bhd of RM12,793,000 (2019: RM12,793,000) which certain principal amounts bear interest of 7% per annum (2019: 7% per annum).

During the financial year, the Company made an impairment loss on amount due from a joint venture amounting to RM750,000.

(v) Amounts due from managed stores

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

(vi) Amounts due from related parties

The amounts due from related parties are unsecured, interest free and repayable upon demand.

The relationship of the related parties with the Group and the Company are further disclosed in Note 34.

<u>Trade receivables</u>

Trade receivables consist of mainly financing receivables relating to the Group's provision of financing facilities based on Islamic principles. Other trade receivables have credit terms ranging from payment in advance to 30 days (2019: payment in advance to 30 days).

Other information on financial risks of trade and other receivables are disclosed in Note 38.

20. TRADE AND OTHER RECEIVABLES (continued)

Ageing analysis of trade receivables

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

	Group 2020 RM'000	2019 RM'000
Neither past due nor impaired	**145,390**	207,932
1 to 30 days past due not impaired	**28,639**	12,412
31 to 60 days past due not impaired	**7,809**	4,716
61 to 90 days past due not impaired	**2,790**	3,043
More than 91 days past due not impaired	**1,403**	7,402
Past due but not impaired	**40,641**	27,573
Impaired	**11,975**	7,592
	198,006	243,097

Trade receivables that are neither past due nor impaired

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

Trade receivables that are past due but not impaired

Receivables that are past due but not impaired are unsecured in nature. Management is confident that these receivables are recoverable as these accounts are still active.

Trade receivables that are impaired

The Group uses general approach in performing impairment analysis for loan receivables at each reporting date. Under the general approach, impairment analysis is performed based on 3 stages to measure ECLs. The Group, on the other hand, applies a simplified approach in calculating ECLs for other trade receivables.

Set out below is the information about the credit risk exposure on the Group's trade receivables as at 30 June 2020 and 30 June 2019:

	Credit services			Others	
	12-month ECLs Stage 1 RM'000	Lifetime ECLs Stage 2 RM'000	Stage 3 RM'000	Simplified approach RM'000	Total RM'000
At 1 July 2018	108	840	3,145	2,210	6,303
Effect of MFRS 9 adoption	–	–	2,726	–	2,726
At 1 July 2018 (restated)	108	840	5,871	2,210	9,029
Charge for the financial year	–	–	3,368	1,567	4,935
Written off	(10)	(356)	(7,655)	11	(8,010)
Exchange differences	–	–	–	(634)	(634)
At 30 June 2019 and 1 July 2019	**98**	**484**	**1,584**	**3,154**	**5,320**
Charge for the financial year	**1,522**	**408**	**8,623**	**2,387**	**12,940**
Reversal for the financial year	**–**	**–**	**–**	**(24)**	**(24)**
Written off	**–**	**–**	**(7,674)**	**(138)**	**(7,812)**
Exchange differences	**–**	**–**	**142**	**(214)**	**(72)**
At 30 June 2020	**1,620**	**892**	**2,675**	**5,165**	**10,352**

20. TRADE AND OTHER RECEIVABLES (continued)

Other receivables that are impaired

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
Sundry receivables - nominal amounts	**19,846**	10,389
Less: Allowance for ECL	**(19,846)**	(10,389)
	–	–
Prepayments - nominal amounts	**14,601**	10,349
Less: Allowance for ECL	**(14,601)**	(10,349)
	–	–
Deposits - nominal amounts	**44,591**	44,243
Less: Allowance for ECL	**(44,591)**	(44,243)
	–	–
Amounts due from associates and joint ventures - nominal amounts	**27,060**	19,889
Less: Allowance for ECL	**(27,060)**	(19,889)
	–	–
Amounts due from managed stores - nominal amounts	**13,320**	12,949
Less: Allowance for ECL	**(13,320)**	(12,949)
	–	–

	Company	
	2020	**2019**
	RM'000	**RM'000**
Amount due from a joint venture	**750**	–
Less: Allowance for ECL	**(750)**	–
	–	–

20. TRADE AND OTHER RECEIVABLES (continued)

Movement in allowance accounts:

Group	Trade receivables RM'000	Sundry receivables RM'000	Prepayments RM'000	Deposits RM'000	Amounts due from associates and joint ventures RM'000	Amounts due from managed stores RM'000	Total RM'000
At 1 July 2019	**5,320**	**10,389**	**10,349**	**44,243**	**19,889**	**12,949**	**103,139**
Charge for the financial year (Note 8(a)):							
Trade and sundry receivables, prepayments and deposits	**12,940**	**7,632**	**4,213**	**114**	**–**	**–**	**24,899**
Amount due from a joint venture	**–**	**–**	**–**	**–**	**750**	**–**	**750**
	12,940	**7,632**	**4,213**	**114**	**750**	**–**	**25,649**
Reversal of impairment loss (Note 8(a))	**(24)**	**(58)**	**–**	**–**	**–**	**–**	**(82)**
Written off	**(7,812)**	**–**	**–**	**–**	**–**	**–**	**(7,812)**
Exchange differences	**(72)**	**1,883**	**39**	**234**	**6,421**	**371**	**8,876**
At 30 June 2020	**10,352**	**19,846**	**14,601**	**44,591**	**27,060**	**13,320**	**129,770**
At 1 July 2018	6,303	8,092	9,995	43,993	17,081	14,570	100,034
Effect on MFRS 9 adoption	2,726	–	–	–	–	–	2,726
At 1 July 2018 (restated)	9,029	8,092	9,995	43,993	17,081	14,570	102,760
Charge for the financial year (Note 8(a)):							
Trade and sundry receivables and deposits	4,935	3,979	–	1,681	–	–	10,595
Amount due from a joint venture	–	–	–	–	5,300	–	5,300
	4,935	3,979	–	1,681	5,300	–	15,895
Reversal of impairment loss (Note 8(a))	–	(2,143)	–	–	–	–	(2,143)
Written off	(8,010)	–	–	(408)	–	–	(8,418)
Exchange differences	(634)	461	354	(1,023)	(2,492)	(1,621)	(4,955)
At 30 June 2019	5,320	10,389	10,349	44,243	19,889	12,949	103,139

21. OTHER RECEIVABLES

	Group 2020 RM'000	Group 2019 RM'000
Non-current		
Lease and other prepayments (i)	**87,996**	96,257
Lease deposits	**90,730**	88,465
Lease receivables from subleases (ii)	**219,282**	–
Other deposit (iii)	**63,714**	61,635
Deferred lease expense (iv)	**–**	11,475
	461,722	257,832
Less: Allowance for ECL	**(7,647)**	(7,398)
	454,075	250,434
Movement in allowance accounts:		
At 1 July 2019/2018	**7,398**	7,315
Exchange differences	**249**	83
At 30 June	**7,647**	7,398

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

On the initial adoption of MFRS 16, the lease prepayments of RM36,116,000 were adjusted to right-of-use assets immediately before 1 July 2019.

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

	Group 2020 RM'000
At 1 July 2019	**203,433**
Addition arising from new leases	**74,186**
Accretion of interest recognised during the financial year	**22,074**
Decrease arising from lease term modification	**(805)**
Proceeds from subleases	**(40,255)**
Exchange differences	**1,341**
At 30 June 2020	**259,974**
Disclosed as:	
Current (Note 20)	**40,692**
Non-current	**219,282**
	259,974

(iii) Other deposit represents an amount of US$14,887,000 paid for the proposed lease and acquisition of a retail mall in Cambodia.

21. OTHER RECEIVABLES (continued)

(iv) Deferred lease expense represented the difference between the fair value of non-current rental deposits recognised on initial recognition and the nominal deposit amount, which was amortised on a straight-line basis over the lease terms ranging from 2 to 20 years.

On the initial adoption of MFRS 16, the deferred lease expense was adjusted to right-of-use assets immediately before 1 July 2019.

The movement in deferred lease expense is as follows:

	Group	
	2020 RM'000	**2019 RM'000**
At 30 June 2019/2018	**12,910**	18,524
Effect of MFRS 16 adoption	**(12,910)**	–
At 1 July 2019/2018	**–**	18,524
Reversal during the financial year	**–**	(2,482)
Recognised in profit or loss (Note 8(a))	**–**	(3,212)
Exchange differences	**–**	80
At 30 June	**–**	12,910
Disclosed as:		
Current (Note 20)	**–**	1,435
Non-current	**–**	11,475
	–	12,910

22. INVESTMENT SECURITIES

	Group	
	2020 RM'000	**2019 RM'000**
Non-current		
Financial assets at fair value through other comprehensive income:		
- Unquoted equity securities [(i)]	**16,697**	23,414
Current		
Financial assets at fair value through profit or loss:		
- Wealth management products [(ii)]	**142,977**	314,278
Total investment securities	**159,674**	337,692

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

(ii) This represents the Group's investment in non-principal guaranteed wealth management products that are managed by licensed financial institutions in the PRC to invest principally in certain financial assets including bonds, trusts, cash funds, bond funds or unlisted equity investment issued and are circulated in the PRC in accordance with the related entrusted agreements. The wealth management products are measured at fair value, which are disclosed in Note 37(a).

23. DEPOSITS, CASH AND BANK BALANCES

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Non-current				
Time deposits, representing total non-current deposits, cash and bank balances	**377,652**	863,620	**–**	–
Current				
Deposits, cash and bank balances:				
Cash on hand and at banks				
- Malaysia	**13,260**	20,177	**1,577**	1,576
- Foreign	**845,914**	892,823	**350**	345
Deposits with:				
Licensed banks				
- Malaysia	**8,249**	83,150	**500**	9,650
- Foreign	**509,328**	601,568	**–**	–
Licensed finance companies in Malaysia	**–**	40,061	**–**	–
Total current deposits, cash and bank balances	**1,376,751**	1,637,779	**2,427**	11,571
Deposits, cash and bank balances (as above)				
- non-current	**377,652**	863,620	**–**	–
- current	**1,376,751**	1,637,779	**2,427**	11,571
Total deposits, cash and bank balances	**1,754,403**	2,501,399	**2,427**	11,571
Less:				
Investments in principal guaranteed deposits	**(24,799)**	(175,236)	**–**	–
Time deposits with original maturity of more than three months when acquired	**(747,917)**	(1,275,468)	**–**	–
Bank overdrafts (Note 27)	**(8,373)**	(10,275)	**–**	(9,781)
Cash and cash equivalents	**973,314**	1,040,420	**2,427**	1,790

23. DEPOSITS, CASH AND BANK BALANCES (continued)

As at 30 June 2020, deposits with licensed banks and time deposits of the Group amounting to a total of RM432,684,000 (2019: RM1,098,056,000) are pledged with financial institutions for banking facilities extended to the Group as disclosed in Note 27.

The investments in principal guaranteed deposits have terms of less than one year and have an expected average annual rate of return of 3.4% (2019: 3.5%). Pursuant to the underlying contracts or notices, the investments in principal guaranteed deposits are capital guaranteed upon the maturity date.

The deposits, cash and bank balances of the subsidiaries in the PRC which amounted to RM1,599,686,000 (2019: RM2,231,577,000) at the reporting date were denominated in Rmb which is not freely convertible in the international market. The remittance of funds out of the PRC is subject to the exchange restrictions imposed by the PRC government.

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

	Group	
	2020	**2019**
	%	**%**
Licensed banks	**3.3**	3.3
Licensed finance companies	**–**	3.3

Deposits of the Group have varying periods of between 1 day and 36 months (2019: 1 day and 36 months). Bank balances are deposits held at call with licensed banks.

24. INVENTORIES

	Group	
	2020	**2019**
	RM'000	**RM'000**
At costs:		
Merchandise inventories	**320,822**	331,227
Consumables	**14,140**	10,431
	334,962	341,658
At net realisable value:		
Merchandise inventories	**25,571**	24,931
Total	**360,533**	366,589

During the financial year, the amount of inventories recognised as an expense in cost of sales of the Group was RM1,617,632,000 (2019: RM1,844,388,000).

25. SHARE CAPITAL AND TREASURY SHARES

	Number of ordinary shares		← Amount →	
	Total number of issued shares '000	Treasury shares '000	Issued share capital RM'000 (a)	Treasury shares RM'000 (b)
Group/Company				
At 1 July 2019/2018 and 30 June 2020/2019	**1,093,902**	**(26,722)**	**4,151,005**	**(20,903)**

(a) The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

(b) This amount represents the acquisition cost of treasury shares. The Directors of the Company are committed to enhancing the value of the Company for its shareholders and believe that the repurchase plan can be applied in the best interests of the Company and its shareholders.

During the financial year and in the previous financial year, the Company did not repurchase its own shares and none of the existing treasury shares held were cancelled. The shares repurchased were being held as treasury shares in accordance with Section 127 of the Companies Act 2016.

As at 30 June 2020, the number of outstanding ordinary shares in issue after the set off of 26,721,880 (2019: 26,721,880) treasury shares held by the Company were 1,067,180,170 (2019: 1,067,180,170) ordinary shares.

26. OTHER RESERVES

Group	Exchange fluctuation reserves RM'000	Asset revaluation reserve RM'000 (a)	Capital reserves RM'000 (b)	Merger deficit RM'000 (c)	Premium on acquisition of non-controlling interests RM'000	Fair value reserve of financial assets at FVOCI RM'000	Total RM'000
At 1 July 2019	**312,269**	**83,284**	**101,945**	**(2,071,102)**	**(3,843)**	**3,647**	**(1,573,800)**
Other comprehensive income/ (loss) for the financial year							
Foreign currency translation	**(69,698)**	**754**	**857**	**–**	**–**	**3**	**(68,084)**
Financial assets at fair value through other comprehensive income ("FVOCI")	**–**	**–**	**–**	**–**	**–**	**(3,736)**	**(3,736)**
Less: Non-controlling interests	**33,967**	**(340)**	**(376)**	**–**	**–**	**723**	**33,974**
	(35,731)	**414**	**481**	**–**	**–**	**(3,010)**	**(37,846)**
Transactions with owners							
Transfer to capital reserves, representing total transactions with owners	**–**	**–**	**960**	**–**	**–**	**–**	**960**
At 30 June 2020	**276,538**	**83,698**	**103,386**	**(2,071,102)**	**(3,843)**	**637**	**(1,610,686)**
At 1 July 2018	370,519	84,307	102,332	(2,071,102)	(3,843)	–	(1,517,787)
Effect of MFRS 9 adoption	–	–	–	–	–	4,002	4,002
At 1 July 2018 (restated)	370,519	84,307	102,332	(2,071,102)	(3,843)	4,002	(1,513,785)
Other comprehensive income/ (loss) for the financial year							
Foreign currency translation	(111,458)	(1,861)	(2,098)	–	–	–	(115,417)
Financial assets at FVOCI	–	–	–	–	–	(523)	(523)
Less: Non-controlling interests	53,208	838	943	–	–	168	55,157
	(58,250)	(1,023)	(1,155)	–	–	(355)	(60,783)
Transactions with owners							
Transfer to capital reserves, representing total transactions with owners	–	–	768	–	–	–	768
At 30 June 2019	312,269	83,284	101,945	(2,071,102)	(3,843)	3,647	(1,573,800)

26. OTHER RESERVES (continued)

Company	Capital redemption reserve 2020 RM'000	2019 RM'000
At 1 July 2019/2018 and 30 June	**2,905,831**	2,905,831

(a) Asset revaluation reserve

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

(b) Capital reserves

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

(c) Merger deficit

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

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

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

27. LOANS AND BORROWINGS

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Secured:				
Financial institutions				
Hire purchase liabilities (Note 28)	–	792	–	–
Term loans (i)	–	18,736	–	–
Bank loans (ii):				
HK$ denominated	**318,616**	104,962	–	–
Revolving financing (iii)	**83,094**	18,000	–	–
Bankers' acceptance (iv)	**5,967**	7,516	–	–
Non-financial institutions				
Lenders from non-financial institutions (v)	**124,152**	28,987	–	–
Unsecured:				
Bank overdrafts	**8,373**	10,275	–	9,781
Total current loans and borrowings	**540,202**	189,268	–	9,781
Non-current				
Secured:				
Financial institutions				
Hire purchase liabilities (Note 28)	–	330	–	–
Term loans (i)	–	62,153	–	–
Bank loans (ii):				
US$ denominated	–	2,018,668	–	–
HK$ denominated	**1,486,881**	155,852	–	–
Non-financial institutions				
Lenders from non-financial institutions (v)	–	70,397	–	–
Unsecured:				
Term loan (i)	**4,283**	–	–	–
Total non-current loans and borrowings	**1,491,164**	2,307,400	–	–
Total loans and borrowings	**2,031,366**	2,496,668	–	9,781
Total loans and borrowings				
Hire purchase liabilities (Note 28)	–	1,122	–	–
Other loans and borrowings:				
Term loans (i)	**4,283**	80,889	–	–
Bank loans (ii)	**1,805,497**	2,279,482	–	–
Revolving financing (iii)	**83,094**	18,000	–	–
Bankers' acceptance (iv)	**5,967**	7,516	–	–
Lenders from non-financial institutions (v)	**124,152**	99,384	–	–
Bank overdrafts	**8,373**	10,275	–	9,781
	2,031,366	2,496,668	–	9,781

27. LOANS AND BORROWINGS (continued)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Maturity of loans and borrowings (excluding hire purchase liabilities):				
Within one year	**540,202**	188,476	**–**	9,781
More than one year and less than two years	**318,617**	2,262,892	**–**	–
More than two years and less than five years	**1,172,547**	44,178	**–**	–
	2,031,366	2,495,546	**–**	9,781

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

	At 1 July 2019 RM'000	**Proceeds RM'000**	**Repayment RM'000**	**Exchange differences RM'000**	**At 30 June 2020 RM'000**
Term loans (i)	**80,889**	**4,173**	**(81,292)**	**513**	**4,283**
Bank loans (ii)	**2,279,482**	**2,124,115**	**(2,609,445)**	**11,345**	**1,805,497**
Revolving financing (iii)	**18,000**	**75,094**	**(10,000)**	**–**	**83,094**
Bankers' acceptance (iv)	**7,516**	**24,110**	**(25,648)**	**(11)**	**5,967**
Lenders from non-financial institutions (v)	**99,384**	**21,415**	**–**	**3,353**	**124,152**
Total	**2,485,271**	**2,248,907**	**(2,726,385)**	**15,200**	**2,022,993**

	At 1 July 2018 RM'000	**Proceeds RM'000**	**Repayment RM'000**	**Exchange differences RM'000**	**At 30 June 2019 RM'000**
Term loans (i)	60,600	86,790	(68,473)	1,972	80,889
Bank loans (ii)	2,312,611	282,572	(380,655)	64,954	2,279,482
Revolving financing (iii)	34,000	14,000	(30,000)	–	18,000
Bankers' acceptance (iv)	5,076	19,605	(17,345)	180	7,516
Lenders from non-financial institutions (v)	50,480	70,397	(22,831)	1,338	99,384
	2,462,767	473,364	(519,304)	68,444	2,485,271
Hire purchase liabilities	2,071	502	(1,402)	(49)	1,122
Total	2,464,838	473,866	(520,706)	68,395	2,486,393

27. LOANS AND BORROWINGS (continued)

The weighted average effective interest rates at the reporting date for loans and borrowings (other than hire purchase liabilities) are as follows:

	Group	
	2020	**2019**
	%	%
Term loans	**7.0**	6.2
Bank loans	**3.5**	4.4
Revolving financing	**5.5**	6.8
Bankers' acceptance	**3.7**	4.7
Lenders from non-financial institutions	**10.8**	10.9
Bank overdrafts	**7.0**	6.9

As at 30 June 2020, financial covenants involving total liabilities to tangible net worth ratio and debt service coverage ratio under two banking facilities of the Group were not met. As at reporting date, the borrowings with financial covenant involving total liabilities to tangible net worth ratio have been classified as current liabilities. For the borrowing with financial covenant involving debt service coverage ratio, the Group has obtained the letter of offer for new facilities dated 2 July 2020 from the bank to regularise financial covenant.

(i) As at 30 June 2020, the unsecured term loan is repayable in 3 years and bears interest rate of 7% per annum.

As at 30 June 2019, term loans totalling RM80,889,000 were secured by 250,000,000 ordinary shares of HK$0.02 each in the capital of PRGL.

(ii) As at 30 June 2020, bank loans denominated in HK$ bear floating interest rate of 2% per annum (2019: ranging from 1% to 1.2% per annum) over Hang Seng Interbank Offered Rate. The bank loans denominated in US$ as at 30 June 2019 bore floating interest rates ranging from 1.9% to 2.1% per annum over London Interbank Offered Rate.

As at 30 June 2020, bank loans of the Group are secured by property, plant and equipment, investment properties and land use rights with total net carrying amount of RM1,770,492,000 (2019: RM1,355,247,000) and deposits with licensed banks and time deposits totalling RM425,434,000 (2019: RM1,093,056,000).

(iii) As at 30 June 2020, revolving financing of the Group of RM75,094,000 (2019: Nil) is secured by trade receivables of RM121,241,000 (2019: Nil).

(iv) As at 30 June 2020, bankers' acceptance of the Group of RM5,967,000 (2019: RM7,505,000) is secured by deposits with licensed banks of RM7,250,000 (2019: RM5,000,000).

(v) As at 30 June 2020, amounts of RM72,777,000 (2019: RM70,397,000) and RM51,375,000 (2019: RM28,987,000) bear interest rates ranging from 10% to 12% per annum (2019: ranging from 10% to 12% per annum) and are secured by an investment property with a carrying amount of RM170,500,000 (2019: RM189,000,000), and 674,200,000 ordinary shares (2019: 524,200,000 ordinary shares) of HK$0.02 each in the capital of PRGL, respectively.

28. HIRE PURCHASE LIABILITIES

	Group 2019 RM'000
Minimum lease payments:	
Not later than one year	817
Later than one year and not later than two years	83
Later than two years and not later than five years	250
Later than five years	43
	1,193
Less: Future finance charges	(71)
	1,122
Present value of finance lease liabilities:	
Not later than one year	792
Later than one year and not later than two years	73
Later than two years and not later than five years	219
Later than five years	38
	1,122
Representing:	
Current (Note 27)	792
Non-current (Note 27)	330
	1,122

Hire purchase liabilities were effectively secured as the rights to the hired assets revert to the hirers in the event of default.

The contractual interest rates and weighted average effective interest rate per annum as at 30 June were as follows:

	Group 2019 %
Contractual interest rates	2.4 - 3.8
Weighted average effective interest rate	6.2

On the initial adoption of MFRS 16, the hire purchase liabilities were adjusted to lease liabilities immediately before 1 July 2019.

29. LONG TERM PAYABLES

	Group 2020 RM'000	Group 2019 RM'000
Rental deposits (i)	**41,595**	50,407
Accrued rental expenses (ii)	**–**	472,546
Deferred lease income (iii)	**15,854**	15,722
Defined benefit obligation (iv)	**3,304**	2,875
Others	**1,228**	86
	61,981	541,636

(i) Non-current rental deposits have maturity ranging from 2 to 15 years (2019: 2 to 15 years). The rental deposits are initially recognised at their fair values. The difference between the fair value and the nominal deposit amount is recorded as deferred lease income.

(ii) On the initial adoption of MFRS 16, the accrued rental expenses were adjusted to right-of-use assets immediately before 1 July 2019.

(iii) Deferred lease income represents the difference between the fair value of non-current rental deposits recognised on initial recognition and the nominal deposit amount, which is amortised on a straight-line basis over the lease terms ranging from 2 to 15 years (2019: 2 to 15 years). The movement in deferred lease income is as follows:

	Group 2020 RM'000	Group 2019 RM'000
At 1 July 2019/2018	**15,789**	15,887
Additions during the financial year	**166**	392
Recognised in profit or loss	**(143)**	(505)
Exchange differences	**76**	15
At 30 June	**15,888**	15,789
Disclosed as:		
Current (Note 31)	**34**	67
Non-current	**15,854**	15,722
	15,888	15,789

29. LONG TERM PAYABLES (continued)

(iv) 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% (2019: 8%)
Future annual salary increment	: 8% (2019: 8%)
Retirement age	: 55 years of age (2019: 55 years of age)

	Group	
	2020 RM'000	**2019 RM'000**
Components of employee benefits expense recognised in profit or loss		
Current service cost	**361**	333
Interest cost on benefit obligations	**219**	209
Expected return on assets	**–**	36
Employee benefits expense (Note 6)	**580**	578
Estimated liabilities for employee benefits at the reporting date		
Defined benefit obligation, representing liabilities at 30 June	**3,304**	2,875
Changes in the present value of the defined benefit obligation		
Benefit obligation at 1 July 2019/2018	**2,875**	2,464
Provision during the financial year	**580**	578
Payment during the financial year	**(196)**	(43)
Remeasurement recognised in other comprehensive income	**–**	(230)
Exchange differences	**45**	106
Benefit obligation at 30 June	**3,304**	2,875

30. PROVISIONS

	Group 2020 RM'000	Group 2019 RM'000
Non-current		
Provisions for restoration costs (i)	**23,246**	22,980
Provisions for onerous contracts (ii)	**–**	7,598
	23,246	30,578
Current		
Provisions for restoration costs (i)	**4,555**	1,174
Provisions for onerous contracts (ii)	**–**	11,756
	4,555	12,930
Total	**27,801**	43,508

(i) Provisions for restoration costs represent estimated cost of restoring leased space used in the principal activities of the Group. Provisions made are capitalised as part of the carrying amount of the Group's property, plant and equipment.

The movement in the provisions is as follows:

	Group 2020 RM'000	Group 2019 RM'000
At 1 July 2019/2018	**24,154**	25,133
Arose during the financial year	**5,507**	5,681
Utilised during the financial year	**(1,151)**	(2,625)
Reversed during the financial year	**(2,697)**	(5,040)
Unwinding of discount	**1,869**	955
Exchange differences	**119**	50
At 30 June	**27,801**	24,154
Disclosed as:		
Current	**4,555**	1,174
Non-current	**23,246**	22,980
	27,801	24,154

30. PROVISIONS (continued)

(ii) Provisions for onerous contracts represent the estimated loss that will be incurred on the unavoidable operating lease of the stores.

The movement in the provisions is as follows:

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 July 2019/2018	**19,354**	8,184
Arose during the financial year	**–**	18,492
Utilised during the financial year	**(7,503)**	(7,202)
Reclassed during the financial year	**–**	(178)
Reclassed to right-of-use assets	**(14,611)**	–
Exchange differences	**2,760**	58
At 30 June	**–**	19,354
Disclosed as:		
Current	**–**	11,756
Non-current	**–**	7,598
	–	19,354

31. TRADE AND OTHER PAYABLES

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Current				
Trade and other payables:				
Trade payables [(i)]	**768,787**	1,078,332	**–**	–
Other payables [(ii)]	**162,731**	240,400	**–**	–
Deposits	**85,867**	77,377	**–**	–
Accruals	**159,866**	122,195	**1,954**	1,648
Deferred lease income (Note 29(iii))	**34**	67	**–**	–
	1,177,285	1,518,371	**1,954**	1,648

31. TRADE AND OTHER PAYABLES (continued)

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Total trade and other payables (as above)	**1,177,285**	1,518,371	**1,954**	1,648
Add:				
Loans and borrowings (Note 27)	**2,031,366**	2,496,668	**–**	9,781
Rental deposits (Note 29)	**41,595**	50,407	**–**	–
Accrued rental expenses (Note 29)	**–**	472,546	**–**	–
Amounts due to subsidiaries	**–**	–	**2,986**	3,069
Lease liabilities (Note 13)	**3,948,948**	–	**–**	–
Less:				
Deferred lease income	**(34)**	(67)	**–**	–
Total financial liabilities carried at amortised cost	**7,199,160**	4,537,925	**4,940**	14,498

(i) Credit terms of trade payables granted to the Group vary from 30 to 90 days (2019: 30 to 90 days).

(ii) Other payables are normally settled on average terms of 30 to 90 days (2019: average terms of 30 to 90 days).

Other information on financial risks of trade and other payables are disclosed in Note 38.

32. CONTRACT LIABILITIES

	Group	
	2020	**2019**
	RM'000	**RM'000**
Deferred revenue from:		
Gift cards/vouchers sold (i)	**388,996**	426,585
Customer loyalty award (ii)	**17,771**	21,676
	406,767	448,261

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

	Group	
	2020	**2019**
	RM'000	**RM'000**
At 1 July 2019/2018	**426,585**	459,526
Arising during the financial year	**504,742**	1,252,406
Revenue recognised during the financial year	**(544,288)**	(1,280,315)
Exchange differences	**1,957**	(5,032)
At 30 June	**388,996**	426,585

32. CONTRACT LIABILITIES (continued)

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

	Group	
	2020	2019
	RM'000	RM'000
At 1 July 2019/2018	**21,676**	22,850
Arising during the financial year	**34,710**	51,580
Revenue recognised during the financial year	**(16,990)**	(36,962)
Lapsed amounts reversed	**(21,759)**	(15,617)
Exchange differences	**134**	(175)
At 30 June	**17,771**	21,676

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.

33. AMOUNTS DUE TO SUBSIDIARIES

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

34. SIGNIFICANT RELATED PARTY DISCLOSURES

Related parties	**Relationship**
BonusKad Loyalty Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
PT Monica Hijaulestari	A company in which the close family members of a then director of a subsidiary are shareholders
Lion Group Management Services Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Valino International Apparel Sdn Bhd	A joint venture of the Group
Posim Marketing Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Secom (Malaysia) Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
WatchMart (M) Sdn Bhd	A company in which a close family member of a then director of a subsidiary is a shareholder
Watatime (M) Sdn Bhd	A joint venture of the Group
Brands Pro Management Sdn Bhd	A company in which a Director and certain substantial shareholders of the Company have interests
Daphne Malaysia Sdn Bhd	A wholly-owned subsidiary of a joint venture of the Group
Visionwell Sdn Bhd	A company in which a Director who is also a substantial shareholder of the Company has interests
Lion Insurance Company Limited	A company which a Director and certain substantial shareholders of the Company have interests

34. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(a) In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions between the Group and the Company and related parties were entered into during the financial years:

	Group	
	2020	**2019**
	RM'000	**RM'000**
Purchases of goods and services from:		
- BonusKad Loyalty Sdn Bhd	**6,506**	9,436
- PT Monica Hijaulestari	**–**	1,958
- Lion Group Management Services Sdn Bhd	**451**	478
- Valino International Apparel Sdn Bhd	**1,401**	3,797
- Posim Marketing Sdn Bhd	**949**	1,078
- Secom (Malaysia) Sdn Bhd	**865**	1,202
- WatchMart (M) Sdn Bhd	**81**	501
- Watatime (M) Sdn Bhd	**43**	917
- Brands Pro Management Sdn Bhd	**304**	399
- Daphne Malaysia Sdn Bhd	**1,353**	783
Rental of office and/or warehouse space from:		
- Visionwell Sdn Bhd	**1,115**	872

	Company	
	2020	**2019**
	RM'000	**RM'000**
Interest income from subsidiaries (Note 7)	**1,107**	2,758

The Directors of the Company are of the opinion that the above transactions have been entered into in the normal course of business and have been established on terms that are no more favourable to the related parties than those arranged with independent third parties.

Information regarding outstanding balances arising from related party transactions as at 30 June 2020 are disclosed in Note 19, Note 20, Note 31 and Note 33.

34. SIGNIFICANT RELATED PARTY DISCLOSURES (continued)

(b) Compensation of key management personnel

The remuneration of the Managing Director and Executive Director of the Company and other members of key management during the financial years are as follows:

	Group		Company	
	2020 RM'000	**2019 RM'000**	**2020 RM'000**	**2019 RM'000**
Short term employee benefits	**7,558**	11,492	**191**	203
Pension costs				
- Defined contribution plans	**120**	129	**–**	–
	7,678	11,621	**191**	203

35. COMMITMENTS

Capital commitments

Capital expenditure at the reporting date is as follows:

	Group	
	2020 RM'000	**2019 RM'000**
Purchase of property, plant and equipment:		
Approved and contracted for	**95,062**	269,916

36. CORPORATE GUARANTEES

As at 30 June 2020, the Company has provided corporate guarantees amounting to RM35,000,000 (2019: RM38,000,000) in favour of financial institutions as security for the credit facilities totalling RM105,000,000 (2019: RM115,000,000) granted to subsidiaries of the Company.

The corporate guarantees issued were not recognised in the financial statements as no value has been placed on the guarantees provided by the Company, considering that the likelihood of the guaranteed parties defaulting within the guaranteed period were assessed to be remote.

37. FAIR VALUE

(a) Fair value measurement

The following table provides the fair value measurement hierarchy of the Group's assets/(liabilities):

	Level 3 RM'000
2020	
Investment properties (Note 12):	
Completed investment properties	**1,824,676**
IPUC	**170,500**
Investment securities (Note 22):	
Financial assets at FVOCI	
- Unquoted equity securities	**16,697**
Financial assets at FVPL	
- Wealth management products	**142,977**
2019	
Investment properties (Note 12):	
Completed investment properties	65,661
IPUC	189,000
Investment securities (Note 22):	
Financial assets at FVOCI	
- Unquoted equity securities	23,414
Financial assets at FVPL	
- Wealth management products	314,278

There has been no transfer between Levels 1, 2 and 3 for the financial year under review.

Fair value of investment properties is determined using a direct comparison method based on comparable transactions of the investment properties, as disclosed in Note 12.

Fair values of unquoted equity securities and wealth management products are determined using the future cash flows that are estimated based on expected applicable yield of the underlying investment portfolio and discounted at rates that reflect the credit risk of various counterparties.

Changing one or more of the inputs to reasonable alternative assumptions would not significantly change the fair values of the financial assets categorised as Level 3 under the fair value hierarchy.

37. FAIR VALUE (continued)

(b) Financial instruments

(i) The following are classes of financial instruments that are not carried at fair values and whose carrying amounts are reasonable approximations of fair values:

	Note
Lease liabilities	13
Amounts due from subsidiaries	19
Trade and other receivables	20
Trade and other payables	31
Amounts due to subsidiaries	33

The carrying amounts of the financial assets and financial liabilities are reasonable approximations of fair values due to their short term nature.

(ii) The following methods and assumptions are used to estimate the fair values of the following classes of financial instruments:

(aa) Financial instruments classified as current

The fair values of the Group's and of the Company's financial instruments, other than amounts due from/to subsidiaries/related parties, which are classified as current approximate to their carrying amounts due to the relatively short term maturity of these financial instruments.

(bb) Long term loans and borrowings

The fair values of long term loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(cc) Deposit receivables/payables

The fair values of rental deposit receivables/payables are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangement at the reporting date.

(dd) Lease liabilities

The fair values of non-current lease liabilities are estimated by discounting expected future lease payments at market incremental lending rate for similar types of lending, borrowings or leasing arrangements at the date of application.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial liabilities, other than derivatives, comprise loans and borrowings, trade and other payables and lease liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade and other receivables, deposits, cash and bank balances that derive directly from its operations.

The Group is exposed to interest rate risk, foreign currency risk, liquidity risk and credit risk. The Group's senior management oversees the management of these risks. It is the Group's policy that no trading in derivatives for speculative purposes may be undertaken. The Group reviews and agrees to policies for managing each of these risks, which are summarised below:

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

Interest rate sensitivity

A reasonably possible change of 100 basis point in interest rate, arising mainly from the lower/higher interest on bank loans, with all other variables held constant, the Group's profit or loss for the year would have been RM14,418,000 (2019: RM17,535,000) higher/lower, arising mainly as a result of lower/higher interest expense on floating rate borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group is exposed to foreign currency risk as a result of the foreign currency transactions entered into by the Group in currencies other than its functional currency. As these transactions are mainly denominated in United States Dollar ("US$"), Hong Kong Dollar ("HK$") and Singapore Dollar ("SGD"), the Group's foreign currency risk is primarily due to exposure to the US$, HK$ and SGD. Foreign currency exposures in transactional currencies other than functional currencies of the operating entities are kept to an acceptable level.

The Group maintains a natural hedge, whenever possible, by borrowing in the currency of the country in which the property or investment is located or by borrowing in currencies that match the future revenue stream to be generated from its investments.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(b) Foreign currency risk (continued)

In addition to the disclosure detailed elsewhere in the financial statements, the net unhedged financial assets and financial liabilities of the Group that are not denominated in their functional currencies are as follows:

	Net financial assets held in			
Functional currency	**US$ RM'000**	**HK$ RM'000**	**SGD RM'000**	**Total RM'000**
Deposits, cash and bank balances				
At 30 June 2020				
Ringgit Malaysia	**6,526**	**200**	**53**	**6,779**
Chinese Renminbi	**1,402**	**104,021**	**–**	**105,423**
Vietnamese Dong	**421**	**–**	**–**	**421**
Burmese Kyat	**752**	**–**	**–**	**752**
Singapore Dollar	**1,888**	**–**	**–**	**1,888**
	10,989	**104,221**	**53**	**115,263**
At 30 June 2019				
Ringgit Malaysia	13,088	199	87	13,374
Chinese Renminbi	15,764	51,973	–	67,737
Vietnamese Dong	251	–	–	251
Burmese Kyat	321	–	–	321
Singapore Dollar	988	–	–	988
	30,412	52,172	87	82,671

Foreign currency sensitivity

A reasonably possible change of 2% in the US$, HK$ and SGD exchange rates against the functional currency of the Group, with all other variables held constant, would have no material impact on the Group's profit or loss.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial liabilities. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities. The Group manages its operating cash flows and the availability of funding so as to ensure that refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group maintains sufficient levels of cash and bank balances to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities:				
Group				
2020				
Trade and other payables *	**1,177,251**	**–**	**–**	**1,177,251**
Loans and borrowings:				
Bank overdrafts	**8,373**	**–**	**–**	**8,373**
Revolving financing	**86,296**	**–**	**–**	**86,296**
Bankers' acceptance	**5,985**	**–**	**–**	**5,985**
Term loans	**–**	**4,968**	**–**	**4,968**
Bank loans	**327,936**	**1,604,222**	**–**	**1,932,158**
Lenders from non-financial institutions	**129,775**	**–**	**–**	**129,775**
Lease liabilities	**809,521**	**2,708,572**	**2,305,320**	**5,823,413**
Long term payables:				
Rental deposits	**–**	**41,595**	**–**	**41,595**
Total undiscounted financial liabilities	**2,545,137**	**4,359,357**	**2,305,320**	**9,209,814**
2019				
Trade and other payables *	1,518,304	–	–	1,518,304
Loans and borrowings:				
Bank overdrafts	10,275	–	–	10,275
Revolving financing	18,599	–	–	18,599
Hire purchase liabilities	817	333	43	1,193
Bankers' acceptance	7,566	–	–	7,566
Term loans	19,452	71,822	–	91,274
Bank loans	105,908	2,340,268	–	2,446,176
Lenders from non-financial institutions	29,277	82,711	–	111,988
Long term payables:				
Rental deposits	–	50,407	–	50,407
Total undiscounted financial liabilities	1,710,198	2,545,541	43	4,255,782

* The deferred lease income is excluded from the trade and other payables.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(c) Liquidity risk (continued)

	Not later than one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
Financial liabilities: (continued)				
Company				
2020				
Trade and other payables	**1,954**	**–**	**–**	**1,954**
Total undiscounted financial liabilities	**1,954**	**–**	**–**	**1,954**
2019				
Trade and other payables	1,648	–	–	1,648
Loans and borrowings:				
Bank overdrafts	9,781	–	–	9,781
Total undiscounted financial liabilities	11,429	–	–	11,429

(d) Credit risk

Credit risk is the risk of loss that a counterparty will not meet its obligations under a financial instrument leading to a financial loss. The Group and the Company are exposed to credit risk from their operating activities primarily from trade and other receivables. The receivables are monitored on an ongoing basis through the Group's and the Company's management reporting procedures.

Exposure to credit risk

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position, including derivatives with positive fair values.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 20.

38. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

(d) Credit risk (continued)

Credit risk concentration profile

The Group and the Company determine concentrations of credit risk by monitoring individual profile of their trade receivables on an ongoing basis.

At the reporting date, the Group and the Company do not have any significant exposure to any individual customer or counterparty nor do they have any major concentration of credit risk related to any financial instrument.

Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions are placed with reputable financial institutions.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

39. SEGMENTAL INFORMATION

For management purposes, the Group is organised into business units based on its products and services, and has two reportable operating segments as follows:

(i) Retailing - Operation and management of retail stores in Malaysia, PRC, Vietnam, Myanmar and Indonesia. The Group closed its retail store in Myanmar in December 2018.

(ii) Others - Operation of food and beverage businesses, credit services and investment holding.

Except as indicated above, no operating segment has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit. Group financing (including finance income and finance costs) and income taxes are managed on a group basis and are not allocated to reportable segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

39. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows:

	Retailing						
	Malaysia RM'000	**PRC RM'000**	**Vietnam RM'000**	**Indonesia RM'000**	**Others RM'000**	**Elimination RM'000**	**Total RM'000**
30 June 2020							
Revenue:							
External customers	**704,903**	**2,355,020**	**34,112**	**95,924**	**61,193**	**–**	**3,251,152**
Inter-segment	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total revenue	**704,903**	**2,355,020**	**34,112**	**95,924**	**61,193**	**–**	**3,251,152**
Results:							
Segment profit/(loss)	**4,849**	**136,834**	**7,280**	**(20,353)**	**(34,348)**	**–**	**94,262**
Finance income							**49,303**
Finance costs							**(485,529)**
Share of results of associates							**933**
Share of results of joint ventures							**4,502**
Gain on disposal of a property							**26,143**
Impairment loss on:							
- Property, plant and equipment							**(72,031)**
- An investment property							**(18,500)**
- Land use rights							**(4,328)**
- Right-of-use assets							**(145,352)**
- Intangible assets							**(775)**
- Amount due from a joint venture							**(750)**
Loss before tax							**(552,122)**
Total assets	**931,489**	**8,612,520**	**234,985**	**223,846**	**452,706**	**–**	**10,455,546**
Total liabilities	**1,010,275**	**6,049,330**	**278,009**	**278,863**	**215,183**	**–**	**7,831,660**
Capital expenditure	**18,235**	**87,584**	**21,383**	**1,142**	**307**	**–**	**128,651**

39. SEGMENTAL INFORMATION (continued)

The Group's segmental information is as follows: (continued)

	Retailing						
	Malaysia RM'000	PRC RM'000	Vietnam and Myanmar RM'000	Indonesia RM'000	Others RM'000	Elimination RM'000	Total RM'000
30 June 2019							
Revenue:							
External customers	1,023,739	2,721,046	62,107	144,420	81,353	–	4,032,665
Inter-segment	288	–	–	–	–	(288)	–
Total revenue	1,024,027	2,721,046	62,107	144,420	81,353	(288)	4,032,665
Results:							
Segment profit/(loss)	5,390	167,093	(24,319)	(22,111)	(37,125)	–	88,928
Finance income							74,042
Finance costs							(150,134)
Share of results of associates							7,560
Share of results of joint ventures							8,599
Impairment loss on:							
- Property, plant and equipment							(41,480)
- Amount due from a joint venture							(5,300)
Provision of land tax							(6,350)
Loss before tax							(24,135)
Total assets	592,133	7,174,984	98,316	136,110	534,373	–	8,535,916
Total liabilities	513,754	4,286,030	66,041	103,153	255,690	–	5,224,668
Capital expenditure	44,837	69,696	1,572	8,562	2,975	–	127,642

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains the Group's stability and growth in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group regularly reviews and manages its capital structure and makes adjustments to it, taking into consideration of changes in economic conditions, future capital requirements of the Group, prevailing and projected profitability and operating cash flows, projected capital expenditures and projected strategic investment opportunities. No changes were made in the objective, policies or processes during the financial years ended 30 June 2020 and 30 June 2019.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, lease liabilities, loans and borrowings, less deposits, cash and bank balances and current investment securities. Capital represents total equity of the Group.

	Group		Company	
	2020	**2019**	**2020**	**2019**
	RM'000	**RM'000**	**RM'000**	**RM'000**
				(Restated)
Lease liabilities (Note 13(c)) (#)	**3,948,948**	–	**–**	–
Loans and borrowings (Note 27)	**2,031,366**	2,496,668	**–**	9,781
Less: Deposits, cash and bank balances (Note 23)	**(1,754,403)**	(2,501,399)	**(2,427)**	(11,571)
Investment securities - current (Note 22)	**(142,977)**	(314,278)	**–**	–
Net debt/(cash) (A)	**4,082,934**	(319,009)	**(2,427)**	(1,790)
Total equity, representing total capital	**2,623,886**	3,311,248	**2,668,927**	3,252,706
Capital and net debt (B)	**6,706,820**	2,992,239	**2,666,500**	3,250,916
Gearing ratio (A/B)	**61%**	*	*	*

* The gearing ratios of the Company as at 30 June 2020 and 30 June 2019 and of the Group as at 30 June 2019 were not meaningful as the deposit, cash and bank balances exceeded its payables.

\# The Group has adopted MFRS 16 using the modified retrospective approach and the effect of the initial adoption is adjusted against the opening balances as at 1 July 2019 with no adjustments to the comparative amounts as at 30 June 2019. This resulted in an increase in the Group's net debt and hence the Group's gearing ratio as at 30 June 2020.

41. STATUS OF LITIGATIONS

(i) On 15 November 2018, in order to enforce the rights of Parkson (Cambodia) Co Ltd ("PCCO"), a wholly-owned subsidiary of Parkson Retail Asia Limited which is in turn a 67.96% owned subsidiary of the Company, and to safeguard and protect the interests and assets of the Group, PCCO had served a notice of arbitration on Hassan (Cambodia) Development Co., Ltd ("Lessor"), *inter alia*, claiming sums aggregating US$4,829,102 relating to a planned store in Cambodia. PCCO commenced the arbitration proceedings under the Singapore International Arbitration Centre ("SIAC") to resolve the disputes arising out of and/or in relation to the lease agreement entered into between the Lessor and PCCO ("Lease Agreement") where the Lessor was to have completed and handed over store premises in a new building to be constructed ("Premises") on or before 31 December 2016 but the Lessor had failed to hand over the Premises by the stipulated deadline and also failed to remedy its breaches under the Lease Agreement ("SIAC Arbitration"). On 12 December 2018, the Lessor claimed against PCCO in the Phnom Penh Municipal Court of First Instance ("PPMCFI"), *inter alia*, for US$12,440,000 in damages from PCCO.

PCCO had on 3 May 2019, filed a motion to challenge the jurisdiction of the PPMCFI to hear the petition filed by the Lessor ("Case No. 2577") and following such motion being dismissed by the PPMCFI, PCCO had appealed to the Cambodian Appellate Court against the dismissal decision on 5 July 2019 ("Chomtoah Appeal") to which the Cambodian Appellate Court had on 25 October 2019 dismissed.

On 29 November 2019, PCCO filed a motion in the PPMCFI to transfer the Case No. 2577 to SIAC Arbitration jurisdiction ("Motion on Transfer"). PCCO had subsequently on 24 December 2019, filed an appeal to the Cambodian Appellate Court against the dismissal of the Motion on Transfer to which the Cambodian Appellate Court had on 29 April 2020 dismissed, substantially on grounds that the PPMCFI had on 27 March 2020 granted a default judgement against PCCO ("Default Judgement") to, *inter alia*, (a) forfeit the security deposit and all advanced rental payments paid by PCCO to the Lessor amounting to US$4,488,750; and (b) order PCCO to pay damages of US$144,504,960 to the Lessor, being the rental fee for the whole period of the lease under the Lease Agreement.

On 4 May 2020, PCCO filed a petition to the PPMCFI to set aside the Default Judgement. On 21 May 2020, PCCO had filed a motion to challenge the PPMCFI judge. This motion was not granted in favour of PCCO via a decision of the PPMCFI dated 9 June 2020. On 26 June 2020, PCCO filed an appeal to the Cambodia Appellate Court against the decision of the PPMCFI dated 9 June 2020.

On 15 September 2020, PCCO's lawyers had received the final award ("SIAC Award") from the tribunal hearing the SIAC Arbitration ("Tribunal") which had found, *inter alia*, that the Lease Agreement was lawfully terminated by PCCO, and the Tribunal had ordered the Lessor to pay PCCO which includes:

(a) security deposit of US$2,463,750;

(b) advance rental of US$2,025,000;

(c) costs and expenses incurred by PCCO of US$2,692,253 which has been wasted as a result of the Lessor's breach of the Lease Agreement; and

(d) costs and expenses of the SIAC Arbitration, and legal fees and various disbursements and expenses incurred in connection with the proceedings of approximately SGD838,970.

41. STATUS OF LITIGATIONS (continued)

(ii) On 17 July 2019, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of PRA, received a statutory notice pursuant to Section 466(1)(a) of the Companies Act 2016 ("Notice") from Millennium Mall Sdn Bhd ("MMSB"), the lessor of M Square Mall, claiming for RM1.5 million in alleged outstanding rental and late payment charges. In response to the Notice, PCSB had filed a Fortuna injunction on 29 July 2019, to restrain any filing of a winding-up petition against PCSB.

Subsequently, PCSB had also received a legal letter of demand from MMSB alleging wrongful termination of the lease and claiming an aggregate amount of approximately RM77.9 million in respect of reinstatement costs, rental charges as well as other charges. On 24 October 2019, PCSB served a Notice of Arbitration against MMSB primarily relating to MMSB's default in making payment to PCSB in the sum of about RM2.2 million which arose from the sub-lease arrangements between PCSB and MMSB.

On 8 November 2019, PCSB had received:

(a) MMSB's answers dated 7 November 2019 to PCSB's Notice of Arbitration through its solicitors disputing the claim by PCSB for the sum of approximately RM2.2 million, and had requested the Arbitral Tribunal to dismiss PCSB's claim in its Notice of Arbitration of 24 October 2019 and for PCSB to pay all of MMSB's arbitration costs on a full indemnity basis; and

(b) a Notice of Arbitration dated 7 November 2019 from MMSB ("MMSB's Notice of Arbitration") claiming against PCSB for, amongst others, the following reliefs:

- costs of reinstatement of the demised premises in the sum of RM57,648,870;

- declaration by the Arbitral Tribunal that PCSB had breached the Sub-Lease Agreement dated 18 June 2015 ("Sub-Lease Agreement") and/or the settlement agreement/letters;

- declaration by the Arbitral Tribunal that the termination notice dated 27 June 2019 issued by MMSB to PCSB is valid and lawful;

- rent for the unexpired initial lease term under the Sub-Lease Agreement in respect of the lease period from 3 September 2019 to 14 January 2024 in the sum of RM18,337,768;

- double rental in the sum of RM666,666 per month from 3 September 2019 until delivery of vacant possession of the reinstated demised premises to MMSB; and

- interest on the damages and costs of proceeding.

On 5 December 2019, PCSB replied to the MMSB's Notice of Arbitration disputing all of the claims by MMSB in the MMSB's Notice of Arbitration.

PCSB intends to continue to vigorously defend its legal position. The Group has received legal advice on the merits of MMSB's claims and takes the position that at least the claimed amount is grossly inflated.

41. STATUS OF LITIGATIONS (continued)

(iii) On 23 December 2019, PCSB was served with a Writ and the Statement of Claim both dated 13 December 2019 (“Suit”). The Suit was initiated by PKNS-Andaman Development Sdn Bhd (“PKNS”) in relation to premises let to PCSB within a mall known as “EVO Shopping Mall” (“Demised Premises”).

PKNS, the landlord of the Demised Premises, has alleged that PCSB has failed to observe its obligation to pay rental for the Demised Premises pursuant to the Tenancy Agreement dated 2 October 2017 entered into between PCSB and PKNS (“Tenancy Agreement”) and accordingly, PKNS is claiming for, amongst others, the following reliefs:

(a) payment by PCSB of RM3,659,172 to PKNS, being the accrued monthly rental from 2 April 2018 to 2 December 2019, and thereafter at the rate of RM182,958 per month until the return of the Demised Premises to PKNS;

(b) as an alternative to item (a) above, payment by PCSB of RM3,842,131 to PKNS, being the accrued monthly rental from 27 February 2018 to 27 November 2019, and thereafter at the rate of RM182,958 per month until the return of the Demised Premises to PKNS;

(c) payment by PCSB of RM1,859,600 to PKNS, being the renovation cost contributed by PKNS towards the Demised Premises;

(d) interest upon the judgement debt at the rate of 5% per annum from the date of the Writ and Statement of Claim until the date of judgement;

(e) interest upon the judgement debt at the rate of 5% per annum from the date of judgement until date of full settlement;

(f) PCSB to duly return the vacant possession of the Demised Premises to PKNS in the original condition and/or PCSB to return vacant possession of the Demised Premises to PKNS within 14 days from the date of judgement; and

(g) costs of proceedings to be paid by PCSB to PKNS.

PCSB took the position that (a) no rental is payable as PKNS has failed to satisfy the conditions precedent as set out in the Tenancy Agreement for rental commencement to be triggered and PKNS’s act of issuing commencement notice pursuant to the Tenancy Agreement backdating the commencement date of rental without satisfying the conditions precedent is unlawful; and (b) it has a good defence and has instructed its solicitors to vigorously defend against the Suit.

On 22 May 2020, PCSB filed a court application to strike out the Suit on the grounds that the Suit (a) discloses no reasonable cause of action; (b) is scandalous, frivolous and vexatious; and/or (c) is an abuse of process of the Court.

The Court has fixed the hearing decision for the striking out application on 12 October 2020, which has been extended until further notice.

42. SUBSEQUENT EVENT

On 29 July 2020, Oroleon (Hong Kong) Limited ("Oroleon"), a wholly-owned subsidiary of Parkson Retail Group Limited ("PRGL") which is in turn a 54.97% owned subsidiary of the Company, had entered into an agreement with Parkson Credit Holdings Sdn Bhd ("Parkson Credit Holdings"), a wholly-owned subsidiary of the Company, for the acquisition by Oroleon from Parkson Credit Holdings of the remaining 30% equity interest comprising 9,000,000 ordinary shares in Parkson Credit Sdn Bhd ("Parkson Credit") at a cash consideration of RM26,000,000 ("Acquisition of Parkson Credit").

The Acquisition of Parkson Credit was completed on 21 August 2020. Consequent thereupon, Parkson Credit became a wholly-owned subsidiary of PRGL and remains a subsidiary of the Company.

43. COMPARATIVE FIGURES

In the previous financial years, the Company had accounted for allowance for ECL amounted to RM6,501,512,000 pertaining to amount due from East Crest International Limited, a wholly-owned subsidiary of the Company. During the financial year, the Company has measured the amount due from the subsidiary at cost and subject to the impairment of MFRS 136: Impairment of Assets, rather than those of MFRS 9: Financial Instruments. The effect of this adjustment has been adjusted for retrospectively.

The financial effects of the abovementioned prior year adjustments and changes in certain comparative amounts to conform to the current year's financial statements presentation of the Company are as follows:

	As previously stated RM'000	Re-classification RM'000	Effect of reversal of impairment loss RM'000	As restated RM'000
<u>**Company statement of financial position**</u>				
At 30 June 2019				
Interests in subsidiaries	23,951	7,198,636	–	7,222,587
Accumulated impairment loss	(2,591)	(6,501,512)	2,514,980	(3,989,123)
	21,360	697,124	2,514,980	3,233,464
Amounts due from subsidiaries				
- Non-current	7,237,076	(7,198,636)	–	38,440
Accumulated allowance for ECL	(6,525,857)	6,501,512	–	(24,345)
	711,219	(697,124)	–	14,095
Total assets	752,224	–	2,514,980	3,267,204
Accumulated losses	(6,298,207)	–	2,514,980	(3,783,227)
Total equity	737,726	–	2,514,980	3,252,706

43. COMPARATIVE FIGURES (continued)

The financial effects of the abovementioned prior year adjustments and changes in certain comparative amounts to conform to the current year's financial statements presentation of the Company are as follows: (continued)

	As previously stated RM'000	**Re-classification RM'000**	**Effect of reversal of impairment loss RM'000**	**As restated RM'000**
Company statement of financial position (continued)				
At 30 June 2018				
Interests in subsidiaries	23,951	7,225,418	–	7,249,369
Accumulated impairment loss	(2,591)	(6,454,200)	2,550,303	(3,906,488)
	21,360	771,218	2,550,303	3,342,881
Amounts due from subsidiaries				
- Non-current	7,226,249	(7,225,418)	–	831
Accumulated allowance for ECL	(6,455,017)	6,454,200	–	(817)
	771,232	(771,218)	–	14
Total assets	944,196	–	2,550,303	3,494,499
Accumulated losses	(6,221,657)	–	2,550,303	(3,671,354)
Total equity	814,276	–	2,550,303	3,364,579

	As previously stated RM'000	**Effect of impairment loss RM'000**	**As restated RM'000**
Company statement of profit or loss and other comprehensive income			
For the financial year ended 30 June 2019			
Loss before tax	(76,490)	(35,323)	(111,813)
Loss for the financial year	(76,550)	(35,323)	(111,873)
Total comprehensive loss for the financial year	(76,550)	(35,323)	(111,873)

LIST OF GROUP PROPERTIES

AS AT 30 JUNE 2020

	Address	Tenure/ Expiry Date for Leasehold	Area	Description	Existing Use/ Age of Building (Year)	Net Book Value (RM Million)	Date of Acquisition/ Last Revaluation
1.	44-60, Zhongshan Road Shinan District, Qingdao Shandong Province, China	Leasehold 3.4.2045	76,013.2 sq metres	Commercial building	Shopping complex and office (20)	93.6	June 2004
2.	127, Renmin Zhong Road Wuxi, China	Leasehold 22.4.2044	30,498.6 sq metres	Commercial building	Shopping complex and office (24)	23.1	June 2004
3.	37, Financial Street Xicheng District Beijing, China	Leasehold 30.10.2047	60,888.6 sq metres	Commercial building	Shopping complex and office (26)	395.6	July 2006
4.	88, Er Dao Street Tie Dong District Anshan City Liaoning Province, China	Leasehold 11.5.2040	42,574.0 sq metres	Commercial building	Shopping complex (33)	165.9	January 2008
5.	New Urban Area Nga Nam Catbi Airport Ngo Quyen District Hai Phong City, Vietnam	Leasehold 4.11.2075	23,000.0 sq metres	Commercial building	Shopping complex (14)	40.6	June 2009
6.	The Northeast Corner of Nanmenwai Street and Shenyi Street Heping District Tianjin, China	Leasehold 10.7.2052	61,426.2 sq metres	Commercial building	Shopping complex under construction	448.9	March 2013
7.	Kawasan Bandar XLII Daerah Melaka Tengah Melaka						
	- Lot No. PT 842 HS(D) 72191	Leasehold 28.11.2111	23.2 acres	Land	For mixed development	135.5	December 2012, January 2015
	- Lot No. PT 845 HS(D) 80216	Leasehold 25.5.2113	6 acres	Land	For mixed development	35.0	January 2015
8.	CBD Sektor VII Bintaro Jaya B.07 Blok D No. 5 Pondok Jaya, Pondok Aren Tangerang Selatan, Banten Indonesia	Leasehold 18.12.2040 and 20.10.2028	2,981 sq metres	Commercial building	Retail space and office (4)	44.0	March 2015
9.	No. 195 Hong Kong East Road Laoshan District, Qingdao Shandong, China	Leasehold 5.12.2050	228,622.0 sq metres	Commercial building	Shopping complex (5)	926.0	December 2015
10.	121, Renmin Zhong Road Wuxi, China	Leasehold November 2052	11,190.9 sq metres	Commercial building	Shopping complex and office (14)	111.6	March 2018

ANALYSIS OF SHAREHOLDINGS

Issued Shares as at 30 September 2020

Total Number of Issued Shares	:	1,093,902,050 *
Class of Shares	:	Ordinary shares
Voting Rights	:	1 vote per ordinary share

Note:

* *Inclusive of 26,721,880 shares bought back by the Company and retained as treasury shares as at 30 September 2020.*

Distribution of Shareholdings as at 30 September 2020

Size of Shareholdings	No. of Shareholders	% of Shareholders	No. of Shares	% of Shares ^
Less than 100	2,808	17.53	87,129	0.01
100 to 1,000	2,386	14.90	1,047,901	0.10
1,001 to 10,000	6,569	41.02	27,283,771	2.56
10,001 to 100,000	3,578	22.34	121,946,288	11.43
100,001 to less than 5% of issued shares	669	4.18	480,346,185	45.01
5% and above of issued shares	6	0.03	436,468,896	40.90
	16,016	100.00	1,067,180,170	100.00

Substantial Shareholders as at 30 September 2020

Substantial Shareholders	Direct Interest No. of Shares	Direct Interest % of Shares ^	Deemed Interest No. of Shares	Deemed Interest % of Shares ^
1. Tan Sri Cheng Heng Jem	286,923,039	26.89	341,130,606	31.96
2. Lion Industries Corporation Berhad	70,617,853	6.62	233,693,845	21.90
3. Lion Posim Berhad (formerly known as Lion Forest Industries Berhad)	56,000,000	5.25	–	–
4. LLB Steel Industries Sdn Bhd	–	–	233,693,845	21.90
5. Steelcorp Sdn Bhd	–	–	233,693,845	21.90
6. Amsteel Mills Sdn Bhd	177,559,617	16.64	56,134,228	5.26

Note:

^ *Based on the total number of issued shares of the Company excluding 26,721,880 shares bought back by the Company and retained as treasury shares as at 30 September 2020.*

Thirty Largest Registered Shareholders as at 30 September 2020

Registered Shareholders	No. of Shares	% of Shares ^
1. Maybank Nominees (Tempatan) Sdn Bhd MTrustee Berhad for Cheng Heng Jem (419450)	143,987,730	13.49
2. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-1	61,689,636	5.78
3. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-2	61,243,212	5.74
4. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem	57,321,709	5.37
5. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Cheng Heng Jem (M09)	56,226,609	5.27
6. Lion Posim Berhad	56,000,000	5.25
7. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-3	30,672,692	2.87
8. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-2	19,530,790	1.83
9. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-1	19,084,365	1.79
10. Cheng Heng Jem	18,578,254	1.74
11. Affin Hwang Nominees (Tempatan) Sdn Bhd Trillionvest Sdn Bhd	18,146,213	1.70
12. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Amsteel Mills Sdn Bhd	14,487,530	1.36
13. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Lion Industries Corporation Bhd-3	12,577,911	1.18
14. Kenanga Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Trillionvest Sdn Bhd (3rd pty)	12,473,000	1.17
15. Affin Hwang Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lion Industries Corporation Berhad (LIO0157M)	11,222,649	1.05
16. RHB Nominees (Tempatan) Sdn Bhd Industrial and Commercial Bank of China (Malaysia) Berhad Pledged Securities Account for Cheng Heng Jem	10,808,737	1.01
17. Cartaban Nominees (Tempatan) Sdn Bhd icapital.biz Berhad	10,742,298	1.01
18. HSBC Nominees (Asing) Sdn Bhd Exempt AN for Bank Julius Baer & Co. Ltd. (Singapore BCH)	10,351,200	0.97
19. RHB Nominees (Tempatan) Sdn Bhd Bank of China (Malaysia) Berhad Pledged Securities Account for Amsteel Mills Sdn Bhd-4	9,466,547	0.89
20. Cheng Yong Kim	9,059,786	0.85
21. Lion Holdings Private Limited	7,006,526	0.66
22. Abdul Hamid Bin Hashim	6,080,000	0.57
23. Lion-Parkson Foundation	5,816,389	0.55
24. Maybank Nominees (Asing) Sdn Bhd MTrustee Berhad for Excel Step Investments Limited (419463)	5,756,772	0.54
25. RHB Nominees (Tempatan) Sdn Bhd OSK Capital Sdn Bhd for Lion Industries Corporation Berhad	5,512,470	0.52
26. Citigroup Nominees (Asing) Sdn Bhd CGML IPB for ASM Connaught House Fund LP	4,524,065	0.42
27. Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Yeoh Joey Keng (E-TSA)	3,500,090	0.33
28. CIMB Group Nominees (Asing) Sdn Bhd Exempt AN for DBS Bank Ltd (SFS)	3,208,079	0.30
29. Alliancegroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ooi Chin Hock (8058312)	3,041,500	0.29
30. Loh Kian Chong	3,000,000	0.28

Note:

^ *Based on the total number of issued shares of the Company excluding 26,721,880 shares bought back by the Company and retained as treasury shares as at 30 September 2020.*

Directors' Interests in Shares in the Company and its Related Corporations as at 30 September 2020

The Directors' interests in shares in the Company and its related corporations as at 30 September 2020 are as follows:

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	**% ^**	**No. of Ordinary Shares**	**% ^**
The Company				
Tan Sri Cheng Heng Jem	286,923,039	26.89	341,532,045	32.00
Ooi Kim Lai	197	Negligible	–	–

	Direct Interest		Deemed Interest	
	No. of Ordinary Shares	**%**	**No. of Ordinary Shares**	**%**
Related Corporations				
Tan Sri Cheng Heng Jem				
Parkson Myanmar Investment Company Pte Ltd	–	–	2,100,000	70.00
Parkson Retail Asia Limited ("PRA")	500,000	0.07	457,933,300	67.96
Parkson Retail Group Limited	–	–	1,448,270,000 #	54.97
Cheng Hui Yen, Natalie				
PRA	50,000	0.01	–	–

	Deemed Interest	
Investments in the People's Republic of China	**Rmb**	**% of Holdings**
Tan Sri Cheng Heng Jem		
Guizhou Shenqi Parkson Retail Development Co Ltd	10,200,000	60.00
Lion Food & Beverage Ventures Limited	3,640,000	91.00
Qingdao No. 1 Parkson Co Ltd	223,796,394	95.91
Wuxi Sanyang Parkson Plaza Co Ltd	48,000,000	60.00
Xinjiang Youhao Parkson Development Co Ltd	10,200,000	51.00

Notes:

^ *Based on the total number of issued shares of the Company excluding 26,721,880 shares bought back by the Company and retained as treasury shares as at 30 September 2020.*

Ordinary shares of HK$0.02 each.

Other than as disclosed above, none of the other Directors of the Company had any interest in shares in the Company or its related corporations as at 30 September 2020.

MATERIAL CONTRACTS INVOLVING THE INTERESTS OF DIRECTORS AND MAJOR SHAREHOLDERS

(a) Conditional Option Agreement dated 13 September 2013 and supplemented by the Letters dated 7 February 2014 and 2 June 2017, and a Supplemental Option Agreement dated 12 May 2014 (collectively, the "Said Option Agreements") entered into between True Excel Investments (Cambodia) Co., Ltd ("True Excel") (a wholly-owned subsidiary of Parkson Holdings Berhad) as grantee and PP.SW Development Co. Ltd ("PP.SW"), a company in which a Director who is also a major shareholder of the Company has interest, as grantor wherein True Excel is granted the option to enter into a lease agreement ("Option to Lease") for the lease of the lower ground floor and first floor of a mall to be constructed at Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia for a term of 50 years with automatic renewal for another 50 years for an indicative refundable deposit of approximately US$42.00 million (equivalent to approximately RM138.60 million) to be satisfied wholly in cash upon the terms and conditions of the Said Option Agreements. By a Letter dated 28 February 2020, the commencement date to exercise the Option to Lease was extended to 31 December 2020.

(b) Conditional Sale and Purchase Agreement dated 13 September 2013 and supplemented by the Letters dated 7 February 2014 and 2 June 2017, and a Supplemental Conditional Sale and Purchase Agreement dated 12 May 2014 (collectively, the "Said Sale and Purchase Agreements") entered into between PP.SW as vendor and True Excel as purchaser for the purchase by True Excel of the second to seventh floors of a mall to be constructed in Sangkat Kakap, Khan Dang Kor, Phnom Penh, Cambodia ("Property") for an indicative consideration of approximately US$75.09 million (equivalent to approximately RM247.80 million) to be satisfied wholly in cash upon the terms and conditions of the Said Sale and Purchase Agreements. By a Letter dated 28 February 2020, the handover date of the Property was extended until 31 December 2020 for PP.SW to complete and hand over the Property to True Excel.

OTHER INFORMATION

(I) NON-AUDIT FEES

The amount of non-audit fees paid or payable to External Auditors and its affiliated companies for the financial year by the Group and by the Company were RM71,000 (2019: RM127,000) and RM13,000 (2019: RM13,000) respectively.

(II) RECURRENT RELATED PARTY TRANSACTIONS

The aggregate value of transactions conducted during the financial year ended 30 June 2020 were as follows:

Nature of Recurrent Transactions	Related Parties	Amount RM'000
(a) Obtaining of management support, office equipment, vehicle component parts, security services and equipment, training and other related products and services	Lion Industries Corporation Berhad Group	473
	Lion Corporation Berhad Group	38
		511
(b) Obtaining of building and construction related products and services	Lion Posim Berhad (formerly known as Lion Forest Industries Berhad) Group	19

Notes:

"Group" includes subsidiary and associated companies, excluding public companies

The Related Parties are companies in which a Director and certain major shareholders of the Company have substantial interests.

PARKSON HOLDINGS BERHAD
198201009470 (89194-P)

FORM OF PROXY

CDS ACCOUNT NUMBER

			–				–									

I/We ....

I.C. No./Registration No. ....

of ....

being a member of PARKSON HOLDINGS BERHAD, hereby appoint ....

....

I.C. No. ....

of ....

or failing whom, ...

I.C. No. ....

of ....

as my/our proxy to vote for me/us and on my/our behalf at the 37th Annual General Meeting of the Company to be held fully virtual at the Broadcast Venue, Meeting Hall, Level 16, Lion Office Tower, No. 1 Jalan Nagasari, 50200 Kuala Lumpur, Wilayah Persekutuan on Wednesday, 25 November 2020 at 10.30 am and at any adjournment thereof.

RESOLUTIONS	FOR	AGAINST
1. To approve Directors' fees		
2. To approve Directors' benefits		
3. To re-elect Y. Bhg. Tan Sri Cheng Heng Jem as Director		
4. To re-elect Ms Cheng Hui Yen, Natalie as Director		
5. To re-appoint Messrs Ernst & Young PLT as Auditors		
6. Authority to Directors to Issue Shares		
7. Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions		

Please indicate with an "X" how you wish your vote to be cast. If no specific direction as to voting is given, the proxy will vote or abstain at his discretion.

As witness my/our hand this................. day of....................................... 2020

No. of shares: ....   Signed: ....

Representation at Meeting:

(i) In respect of deposited securities, only Members whose names appear in the Record of Depositors on 18 November 2020 shall be eligible to attend the Meeting.

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

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

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

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

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

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

PARKSON HOLDINGS BERHAD
Registration No. 198201009470 (89194-P)

Level 14, Lion Office Tower
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