



CORPORATE PROFILE

Established in 1987 and listed on the Mainboard of the Singapore Exchange Securities Trading Limited (the "SGX-ST") on 3 November 2011, Parkson Retail Asia Limited ("Parkson" or the "Company", and together with its subsidiaries, the "Group") is a leading and award-winning Southeast Asian department store retailer. With an esteemed 30-year track record within the retail industry, Parkson currently extends over 70 department stores across cities in Malaysia, Vietnam, Indonesia and Myanmar.

Parkson offers its consumers a wide range of merchandise from fashion apparel to household goods. The Group operates an efficient and competitive business model through a blend of concessionaire sales model, anchor tenant, customised product mix and state-of-the-art management tools.

The Group has recently ventured into the lifestyle retail concept business where its department store operations are complemented with food courts, bakeries, gourmet supermarkets and children playground. The Group has also introduced private label brands, as well as agency apparel lines of numerous international brands which are exclusive to Parkson.

As it seeks to continuously refresh and enhance its offering, Parkson consistently strives to cater to the varying needs and preferences of its customers and to deliver value for its shareholders.



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Celebrating 30 Years of Growth and Excellence



“The past 30 years are a testament to our strength and our presence within the industry in the areas where we operate. It goes without saying that this milestone would not have been achieved if not for the passion and hard work of our management and employees, and the support of our loyal customers, suppliers and shareholders.”

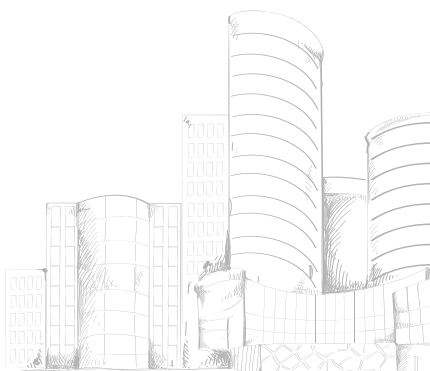
Tan Sri Cheng Heng Jem
Executive Chairman

1987

Opened first Parkson store in Malaysia at Sungei Wang Plaza, Kuala Lumpur.

2005

Entered Vietnam through a store at Saigon Tourist Plaza, Ho Chi Minh City.



2007

Opened Parkson Pavilion, our flagship store in Malaysia, where we are one of the anchor tenants.



2011

- Entered Indonesia through acquisition of Centro department store network.
- Listed on the Mainboard of the SGX-ST.



2013

Entered Myanmar with our first store at FMI Centre, Yangon (relocated to Junction Square, Yangon in March 2017).



2014

Launched Parkson-branded stores in the cities of Medan and Jakarta, Indonesia.



2016

- Launched LOL-branded retail chain in Malaysia. LOL is a value fashion retailer specialising in affordable quality apparel.
- Introduced Korean concept stores i.e. SPAO, MIXXO, WHO.A.U. and SHOOPEN in Kuala Lumpur, Malaysia.
- Launched first FoodPark supermarket in Kuala Lumpur, Malaysia.



2017

- Launched private label, 7Dayz in Kuala Lumpur, Malaysia.
- Launched food court initiative, Makan Makan, in Kuala Lumpur, Malaysia.
- Introduced bakery line, Hogan Bakery with three outlets in Kuala Lumpur, Malaysia.



PARKSON
30
YEARS

PARKSON *Elite* 百盛

GEOGRAPHIC FOOTPRINT



MALAYSIA

Number of stores: 45
GFA (leased): 527,000 sqm



VIETNAM

Number of stores: 7
GFA (leased): 67,000 sqm
GFA (owned): 23,000 sqm
GFA (managed): 38,000 sqm



INDONESIA

Number of stores: 17
GFA (leased): 148,500 sqm
GFA (owned): 1,500 sqm



MYANMAR

Number of store: 1
GFA (leased): 4,000 sqm

CHAIRMAN'S STATEMENT



“IT GOES WITHOUT SAYING THAT THIS MILESTONE WOULD NOT HAVE BEEN ACHIEVED IF NOT FOR THE PASSION AND HARD WORK OF OUR MANAGEMENT AND EMPLOYEES, AND THE SUPPORT OF OUR LOYAL CUSTOMERS, SUPPLIERS AND SHAREHOLDERS.”

Dear Shareholders,

Parkson turns 30 this year, and I am filled with pride and honour to witness this historic milestone.

From humble beginnings in 1987, we have since grown to become a leading and award-winning department store retailer in the Southeast Asia region with 70 stores spanning 809,000 sqm of gross floor area (“GFA”).

The past 30 years are a testament to our strength and our presence within the industry in the areas where we operate. It has not been an easy feat through the decades, being at the center of ever-changing retail landscapes and consumer preferences. It goes without saying that this milestone would not have been achieved if not for the passion and hard work of our management and employees, and the support of our loyal customers, suppliers and shareholders.

For the financial year ended 30 June 2017 (“FY2017”), the Group recorded Gross Sales Proceeds of S\$982.4 million, revenue of S\$412.7 million and a net loss of S\$61.2 million. The retail industry continues to face many challenges, and this is evident in the markets where we operate.

Performance for the Malaysia operations in FY2017 had been impacted by the subdued consumer sentiment. The Malaysian Institute of Economic Research reported that the country’s consumer sentiment index continues to register below the 100-point confidence threshold throughout all four quarters in FY2017.

Moving on to Vietnam, the retail scene is still very saturated and operations have proven to be difficult in the current discretionary retail environment.

In Indonesia, performance in FY2017 had been dampened by uncertainties arising from increased political and religious tensions.

There were changes to our Myanmar operations in FY2017. A new store at Junction Square, Yangon had commenced operations in March 2017, in replacement of our first store at FMI Centre, Yangon which was closed in January 2017 due to redevelopment of the premises by the landlord.

Taking cognizance of these challenges, the Group undertook a comprehensive review during the financial year to assess the viability of underperforming stores and ventures. As a result of this review, the Group recorded net impairment charges on the property, plant and equipment of its underperforming stores and ventures of S\$21.4 million, and an impairment charge on intangible assets of S\$4.7 million. The Group closed a total of four stores in FY2017.

Nevertheless, proceeding with considerable vigilance, we continue to make progress both in expanding our geographical presence and in driving our lifestyle retail concept business model.

The Group added five new stores to its regional network during the financial year. We have also introduced an exclusive bakery line, Hogan Bakery, into Kuala Lumpur, Malaysia. Hogan Bakery is a popular bakery chain in Taiwan which offers unique bread and pastries.

At the same time, we launched our very first food court initiative, Makan Makan, within two of our department stores in Kuala Lumpur, Malaysia. Food courts are a staple in almost every shopping mall, and shoppers would no doubt welcome this affordable food and beverage option.

On bolstering our agency lines and private labels, we have launched additional agency lines from international brands such as Sfera and MDS, and an exclusive private label, 7Dayz, in Malaysia. Moving forward, we hope to be able to further enhance our agency lines and private labels portfolio, to offer our consumers a variety of cutting-edge fashion and

accessories choices under one roof, in all the markets we operate.

I would like to take this opportunity to express my gratitude and appreciation to Mr. Wee Kheng Jin, the Lead Independent Director, who has decided not to seek for re-election at the forthcoming Annual General Meeting ("AGM"). On behalf of the Board, I would like to thank Mr. Wee for his invaluable contribution over the years.

At the same time, I welcome the appointment of both Mr. Michael Chai Woon Chew and Mr. Ng Tiak Soon as Independent Directors of the Company. Both Mr. Chai and Mr. Ng bring with them decades of experience in the legal and accounting fields, respectively.

We are also excited to announce the appointment of our Chief Executive Officer, Mr. Larry Michael Remsen. An industry veteran, Mr. Remsen brings with him over four decades of experience in the retail industry. Mr. Remsen was previously the Chief Executive Officer and Vice President Director of PT Matahari Department Store Tbk. With Mr. Remsen's strong expertise and track record, we are confident that we would be able to circumnavigate the challenges within the industry and strategically execute our business plans.

Finally, on behalf of the Board, I wish to express my sincere gratitude to our management, employees, customers, shareholders, suppliers, business associates and all stakeholders for your unwavering support. Your confidence in the Group has allowed us to reach this milestone today, and we look forward to continuing our journey together for the next 30 years and beyond.

Tan Sri Cheng Heng Jem
Executive Chairman

FINANCIAL HIGHLIGHTS

	2013 SGD'000	2014 SGD'000	2015 SGD'000	2016 SGD'000	2017 SGD'000
Consolidated Income Statement					
Gross sales proceeds ⁽¹⁾	1,109,387	1,077,891	1,077,567	967,746	982,422
Revenue	446,728	432,037	428,751	388,417	412,734
Earnings before interest, tax, depreciation and amortisation	65,857	59,691	(25,869)	53,537	(21,437)
Profit/(Loss) for the year	37,020	32,058	(52,795)	28,595	(61,234)
Profit/(Loss) attributable to owners of the Company	38,577	34,382	(34,688)	30,177	(58,218)
Basic and diluted earnings per share (cents)	5.70	5.08	(5.12)	4.46	(8.64)
Consolidated Balance Sheet					
Total assets	438,134	419,866	374,407	374,077	340,315
Total liabilities	185,110	185,814	244,361	216,751	250,015
Total equity	253,024	234,052	130,046	157,326	90,300

Notes:

1. Gross sales proceeds represent the sum of sales proceeds from direct sales and concessionaire sales, consultancy and management service fees, rental and other income.



MANAGEMENT DISCUSSION AND ANALYSIS



REVIEW OF OPERATIONAL RESULTS

Gross Sales Proceeds ("GSP") for FY2017 increased by 1.5% Year-on-Year ("YoY") to S\$982.4 million. The components of GSP for FY2017 are as follow:-

	Group	
	FY2017	FY2016
	S\$'000	S\$'000
GSP		
Sale of goods - direct sales	211,958	185,990
Sale of goods - concessionaire sales	751,755	765,755
Total merchandise sales	963,713	951,745
Consultancy and management service fees	382	598
Rental income	17,234	15,366
Revenue from theme park and education centre operations	326	37
Revenue from food and beverage operations	767	-
Total GSP	982,422	967,746

The Group generated total merchandise sales of S\$963.7 million for the year FY2017, with concessionaire sales contributing 78.0% and direct sales contributing the remaining 22.0%. By product segment, the Fashion and Apparel category constitutes 61.5% of the total

merchandise sales, the Cosmetic and Accessories category constitutes 22.6%, the Household, Electrical Goods and Others category constitutes 11.9% while the remaining balance of 4.0% came from the Groceries and Perishables category.

The merchandise gross margins (a combination of the commission from concessionaires and direct sales margin) for FY2017 declined YoY by 10bps to 23.9%. The decline was mainly due to intensified promotional activities undertaken by the Group during the financial year, as well as higher inventory shrinkages and write-downs of S\$3.7 million.

REVIEW OF FINANCIAL RESULTS

REVENUE AND OTHER INCOME

The Group's revenue increased YoY by 6.3% to S\$412.7 million, with direct sales being the main contributor to the increase in line with the Group's ventures into various apparel brands since FY2016.

	Group	
	FY2017	FY2016
	S\$'000	S\$'000
Revenue		
Sale of goods - direct sales	211,958	185,990
Commission from concessionaire sales	182,067	186,426
Consultancy and management service fees	382	598
Rental income	17,234	15,366
Revenue from theme park and education centre operations	326	37
Revenue from food and beverage operations	767	-
Total revenue	412,734	388,417

Other income for FY2017 declined YoY by (90.4)% to S\$5.1 million. Other income for the comparative FY2016 benefitted from gain on partial disposal of equity interest in a former subsidiary, Parkson Hanoi Co Ltd, of S\$46.8 million.



EXPENSES

Total expenses of the Group increased YoY by 13.9% to S\$467.6 million for FY2017. Analysis of the major operating expense items for FY2017 is as follows: -

Changes in merchandise inventories and consumables

Changes in merchandise inventories and consumables refer to cost of direct sales. Cost of direct sales increased YoY by 14.1% to S\$164.6 million for FY2017. These increases are primarily in line with the increase in direct sales, and are also due to higher inventory shrinkages and write-downs of S\$3.7 million.

Employee benefits expenses

Employee benefits expense ("staff cost") increased YoY by 14.0% to S\$64.0 million for FY2017. These increases are primarily due to the inclusion of staff costs for new stores and new ventures, and annual salary adjustments.

Promotional and advertising expenses

Promotional and advertising expenses remained relatively flat YoY at S\$10.6 million for FY2017. This is mainly the effect of more targeted promotional and advertising expenses despite the opening of new stores and new ventures.

Depreciation and amortisation expenses

Depreciation and amortisation expenses increased YoY by 24.1% to S\$27.9 million for FY2017. These increases are mainly attributable to additional depreciation costs arising from new stores and new ventures, new office building in Indonesia, and major renovation of our Pavilion flagship store.

Rental expenses

Rental expenses increased YoY by 4.5% to S\$114.4 million for FY2017. The increase is mainly attributable to additional rental costs arising from new stores and new ventures, and annual rate adjustments.

Other expenses

Other expenses comprise mainly (a) selling and distribution expenses and (b) general and administrative expenses.

Other expenses increased YoY by 27.1% to S\$85.6 million for FY2017. The significant increase during the year is mainly as a result of higher net impairment charges on property, plant and equipment of S\$21.4 million and impairment charges on intangible assets of S\$4.7 million.

MANAGEMENT DISCUSSION AND ANALYSIS

PRE-TAX PROFIT/(LOSS)

The Group recorded pre-tax loss of S\$(47.0) million in FY2017. The pre-tax loss for FY2017 is mainly attributable to non-operational impairment charges on property, plant and equipment of S\$21.4 million and intangible assets of S\$4.7 million. In comparison, the pre-tax profit of S\$34.9 million for FY2016 included a gain on partial disposal of a former subsidiary of S\$46.8 million.

During the financial year, the Group undertook a comprehensive review to assess the viability of underperforming stores and ventures. As a result of the review, the Group recorded net impairment charges on the property, plant and equipment of its underperforming stores comprising S\$8.7 million from Malaysia, S\$0.4 million from Vietnam, and S\$4.6 million from Indonesia. Additionally, the Group impaired property, plant and equipment in relation to its edutainment venture in Malaysia of S\$4.3 million, as well as its planned store in Cambodia of S\$3.4 million. An impairment charge of S\$4.3 million had also been recorded on the Group's goodwill arising from its Indonesia operations following the underperformance of the country's department store business amid a challenging operating environment.

Excluding impairment charges on property, plant and equipment and intangible assets, the Group's pre-tax loss in FY2017 was S\$(20.9) million, mainly as a result

of (a) overall tepid or negative Same Store Sales Growth ("SSSG") recorded by the Group's operations; and (b) gestation period of new stores and new ventures.

TAXATION

Despite recording a pre-tax loss, the Group incurred tax expenses of S\$14.2 million in FY2017 mainly because tax regulations in the countries where the Group operates generally do not permit set-off of tax losses against taxable profits between Group companies. Additionally, the Group charged out portion of deferred tax assets with doubtful recoverability of S\$7.3 million during the financial year.

NET PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The Group recorded a net loss of S\$(58.2) million for FY2017 on account of non-operational impairment charges, uninspiring SSSG recorded by the Group's operations, and gestation period of new stores and new ventures. In comparison, the attributable net profit of S\$30.2 million for FY2016 benefitted from the one-off gain on partial disposal of a former subsidiary.

REVIEW OF GROUP BALANCE SHEET

The Group is in a net current liabilities ("NCL") position of S\$(55.5) million as at 30 June 2017. The NCL position is as a result of the Group's investments in new stores





and new ventures, whilst contribution from these investments have yet to reach an optimal level due to the gestation period.

Property, plant and equipment of the Group declined slightly to S\$145.5 million as at 30 June 2017 despite its investment in new stores and new ventures during the financial year. This is primarily due to net impairment charges of S\$21.4 million over underperforming stores and ventures, as well as the writing off of property, plant and equipment attributable to closed stores amounting to S\$3.7 million.

Prepayments (current and non-current) declined to S\$7.0 million following the amortisation of prepaid store rentals. Intangible assets too recorded a drop to S\$1.1 million, largely the effect of impairment charges on goodwill of S\$4.3 million. On the other hand, the Group's deferred tax assets dwindled to S\$2.0 million following the charging out of a portion with doubtful recoverability.

Inventories declined to S\$71.3 million as at 30 June 2017 due to a combination of circumstances such as the Hari Raya / Lebaran festive sales in June 2017, and the recording of higher inventory shrinkages and write-downs of S\$3.7 million. For trade and other receivables (current), the lower balance at S\$16.5 million is in part due to the recording of allowances for doubtful debts during the financial year.

Cash and short-term deposits declined to S\$63.4 million as at 30 June 2017 despite higher net cash flow from operating activities during the financial year. This is largely due to the Group's investments in new stores and new ventures.

Trade and other payables (current) increased to S\$186.6 million as at 30 June 2017, driven primarily by Hari Raya / Lebaran festive sales and the resulting increase in merchandise buying and concessionaire sales collection. On the other hand, the increase in provisions (current and non-current) is mainly owing to the additional provision for store restoration costs of S\$8.6 million, and provision for onerous contract of S\$1.0 million.

Non-controlling interests increased to S\$3.6 million as at 30 June 2017 due to the sharing of additional losses by the minority shareholders.



CSR PROGRAMME



People are at the heart of our business – this philosophy is reflected in the way we value customers and employees, but also extends beyond our stores.

As a corporation, we are able to scale our efforts to make a lasting impact on the community.

Similar to our stores going in the direction of the lifestyle retail concept where there is something for everyone in the family, we undertake the responsibility to also give back to the community to promote equal opportunities – through our various programmes and events for underprivileged children, communities in rural areas, and single mothers.

As part of our 30th Anniversary, we had organised a few inaugural events with other welfare organisations, such as our event for single mothers and their children. We envision that, going forward, these events can also be part of our regular CSR programme.

MALAYSIA

Parkson Cares Educare

Under our annual Parkson Cares Educare programme organised together with the Lion-Parkson Foundation, collection centres are set up at Parkson stores throughout Malaysia, for the public to contribute items such as school bags, shoes, uniforms, stationery and other schooling necessities for needy students nationwide. Started in Malaysia in 2001, 5,000 school children from 200 government schools and orphanages benefit from these donations every year. This programme is in partnership with Yayasan Maha

Karuna, a Buddhist society that aids underprivileged poor and needy students.

Lion-Parkson Foundation Scholarships

Our Lion-Parkson Foundation has for the 26th year in a row awarded scholarships to undergraduates pursuing their studies in the local universities in Malaysia. This year, nine undergraduates were awarded scholarships totaling RM285,000 for the entire duration of their studies.

Lion-Parkson Foundation: Lunar New Year Calligraphy Charity Sales

This year's annual Lunar New Year Calligraphy Charity Sale saw calligraphy pieces by students from five schools being sold at participating Parkson stores around the Chinese New Year period.

RM188,308 of funds were raised through this year's sale and will go towards supporting needy students in these schools.

Parkson's "Majlis Iftar Ramadan" With Single Mothers

In celebration of the Ramadan period and in conjunction with Parkson's 30th Anniversary, we hosted, together with Jabatan Kebajikan Masyarakat, the national welfare department, an inaugural "Majlis Iftar Ramadan" for 80 single mothers and their families.

Held at the Makan Makan by Parkson foodcourt in Fahrenheit 88, Kuala Lumpur, the event saw the mothers and their children delighting in the buffet spread and receiving RM20,000 worth of Parkson cash vouchers and household items as well as school bags and goodie bags.

Parkson Maju Junction Shopping Mall - Program Shopping Raya bersama Yayasan Wilayah Persekutuan 2017

In another inaugural event, launched by the Minister of Federal Territories and organised by welfare organisation Yayasan Wilayah Persekutuan, 480 orphans and the less fortunate were given RM250 each to shop for “Baju Raya” in our Parkson store in Maju Junction.

INDONESIA

Parkson and Centro Educare

The Parkson Educare programme follows through to our Indonesia market and is complemented by the Educare programme by our dual brand, Centro. Both the Parkson Educare and Centro Educare programmes donated 100 packages of essential school items to the participating schools this year.

We provided a further 100 packages of school essentials and healthy meals to children of families-in-need from Yayasan Fajar Nusantara, as we introduced our 18th Centro store in Resinda Park Mall Karawang, West Java this year.

“Sharing Joy with Isolated Regions” programme

PT Tozy Sentosa, our Indonesian subsidiary which the Centro stores are under, actively runs an annual fund raising program, “Sharing Joy with Isolated Regions” (Berbagi Kasih untuk Daerah Tepian Negeri), to allow communities in isolated regions access to a better quality of life.

Our hope is that through this programme, we would be able to help build more facilities for the Alor District community in Nusa Tenggara Timur and improve their quality of life.

This year, we managed to raise Rp 149.935.000 (equals to RM 45,435) from customers with additional 20 Million Rupiah (equals to RM 6,060) from Tozy Sentosa. In doing so, the funds raised by this initiative is employed to build class rooms for MTS Babur Rahmat, located at Baolang Village, Pantar Island.

Blood Donation - “Share the blood, share the love!”

PT. Tozy Sentosa, in cooperation with the Indonesian Red Cross (PMI), organised a blood donation event on Thursday, October 20, 2016 at the Parkson Office Building, Bintaro Jaya, Tangerang Selatan. As a form of appreciation to the participants, we provided the first 100 participants with shopping vouchers worth Rp. 50.000.

Centro Parkson We Care - Peduli Terumbu Karang: Restoring Coral Reefs of Bangka Island, North Sulawesi

Parkson Indonesia is engaging and collaborating with Yayasan Terumbu Rupa (YTR) to raise awareness on

the preservation of the ecosystem and the restoration of coral reefs, through art installations and the implementation of biorock technology. Contributions to the We Care – Peduli Terumbu Karang (translate to “Care For The Coral Reefs”) programme will be conducted through coupons sold in all stores nationwide.

In conjunction with this, we have held roadshows and edutainment programmes for kids of Parkson Centro Card holders at all stores. All donations will be allocated to YTR to build a 12 x 6 x 4 metres metal installation called Domus Piramidis Dugong, a pyramid shaped dome dedicated for dugongs, which are an endangered species, and also serves as a home for the coral reef located just off-shore Bangka Island in North Sulawesi.

VIETNAM

Parkson Cares Educare

Our Parkson Cares Educare programme, which started in Malaysia and subsequently expanded to Indonesia, has now made its way to Vietnam.

We are delighted to be able to let our customers in our countries of operations participate in our hallmark programme and remain committed to helping these children gain a foothold in their various walks of life.

“Giving love, Sharing joy” programme

Parkson’s “Giving love, Sharing joy” programme is a fundraising activity for the less fortunate in Ho Chi Minh City, Ha Noi, Da Nang and Hai Phong.

We kick-started the programme in November 2015 by introducing it to our customers by means of a charity counter at our stores nationwide. Subsequently, participation by our customers extended to donations to the programme and purchase of merchandise that contributed to the fundraising efforts. Donations were also extended by our tenants and staff.

USD11,000 was raised this year, along with cash and home necessities that we donated to 3 centres for underprivileged children in Haiphong, Danang and Ho Chi Minh City.



BOARD OF DIRECTORS

TAN SRI CHENG HENG JEM

Executive Director, Chairman

Tan Sri Cheng Heng Jem was appointed as a Director of the Company on 31 March 2011 and was last re-appointed on 31 October 2016. He is a member of the Nominating Committee.

Tan Sri Cheng has more than 40 years of experience in the business operations of the Lion Group, a Malaysian based diversified business group (which includes our Company) encompassing retail, branding, credit financing, property development, mining, manufacturing, steel, tyre, motor, agriculture and computer industries. He oversees the operation of the Lion Group and is responsible for the formulation and monitoring of the overall corporate strategic plans and business development of the Lion Group.

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

Tan Sri Cheng previously served as the President of both 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"). He is now a Life Honorary President of ACCCIM and KLSCCCI, as well as the President of Malaysia Retailers Association and Malaysia Steel Association.

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

Tan Sri Cheng's directorship in other listed companies over the preceding three years – LTC Corporation Limited (retired on 30 October 2014).

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

MS CHENG HUI YUEN, VIVIEN

Executive Director

Ms Cheng Hui Yuen, Vivien, was appointed as an Executive Director of the Company on 18 September 2015 and was last re-elected on 27 October 2015.

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

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

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

MR TAN SIANG LONG

Non-Independent, Non-Executive Director

Mr Tan Siang Long was appointed as a Director of the Company on 14 June 2011 and was last re-elected on 27 October 2015. He is a member of the Audit Committee and Remuneration Committee.

Mr Tan has broad experience in the retail industry. He was the Chief Information Officer of PT Monica Hijaulestari ("MHL") from 2006 to 2011, responsible for its computer and software information systems and supply chain support services. MHL is an operator of specialty stores including "The Body Shop" in Indonesia. Prior to that, he was a director of Trimega Business Concepts Pte Ltd and PT Valutrada Indonesia, which were involved in the retail business. Mr Tan has also worked for PT Matahari Putra Prima, a retail company listed on the Jakarta Stock Exchange, which previously operated the "Matahari" department stores in Indonesia. Mr Tan is currently a director of Red Cube Pte. Ltd.

Mr Tan obtained his GCE "A" Level certificate from Raffles Junior College, Singapore and has attended the Stanford-National University of Singapore Executive Program.

MR WEE KHENG JIN

Independent, Non-Executive Director

Mr Wee Kheng Jin was appointed as a Director of the Company on 28 September 2011 and was last re-elected on 30 October 2014. He is the Chairman of the Audit Committee, and a member of the Remuneration Committee and Nominating Committee.

Mr Wee has more than 35 years of financial experience in a broad range of industries including banking,

construction, hospitality services and real estate development. Mr Wee has previously worked at Citibank NA and Citicorp Investment Bank Singapore Limited in various senior positions. He is currently an Executive Director of Far East Organisation.

Mr Wee is also a Non-Executive Director of FEO Hospitality Asset Management Pte. Ltd. and FEO Hospitality Trust Management Pte. Ltd., the REIT Manager and Trustee-Manager of Far East Hospitality Trust.

Mr Wee holds a Bachelor of Accountancy degree from the University of Singapore.

In accordance with Article 91 of the Constitution of the Company, Mr Wee will be retiring at the forthcoming Annual General Meeting and he has decided not to seek for re-election.

Mr Wee's directorship in other listed companies over the preceding three years – Yeo Heap Seng Limited (retired on 26 April 2017).

MR TAN SOO KHOON

Independent, Non-Executive Director

Mr Tan Soo Khoo was appointed as a Director of the Company on 28 September 2011 and was last re-elected on 31 October 2016. He is the Chairman of the Remuneration Committee and Nominating Committee, and a member of the Audit Committee.

Since 1978, he has been Managing Director of a watch distribution company, Crystal Time (S) Pte Ltd, headquartered in Singapore, with a distribution office in Malaysia and associates in Brunei and Indonesia, where he is in charge of overseeing the growth of the company. Mr Tan is also an independent director of Metro Holdings Limited.

BOARD OF DIRECTORS

Mr Tan holds a Bachelor's degree in Business Administration with Honours from the National University of Singapore. He served as a Member of the Singapore Parliament from 1976 to 2006 and was appointed as the Speaker of Parliament from 1989 to 2002. Currently, Mr Tan is also Singapore's non-resident ambassador to the Czech Republic.

Mr Tan's directorship in other listed companies over the preceding three years – St. James Holdings Limited (resigned on 27 October 2014).

MR MICHAEL CHAI WOON CHEW

Independent, Non-Executive Director

Mr Michael Chai Woon Chew was appointed as a Director of the Company on 1 September 2017.

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

Mr Chai holds a Bachelor of Laws (Hons.) degree from the University of Buckingham, Bachelor of Science (Hons.) degree from University of Surrey, UK and qualified as Barrister-at-Law from Lincoln's Inn, England.

MR NG TIAK SOON

Independent, Non-Executive Director

Mr Ng Tiak Soon was appointed as a Director of the Company on 1 September 2017.

Mr Ng retired as a Senior Partner from Ernst & Young LLP, Singapore in June 2005, an accounting firm that he had joined since 1986. He remained with Ernst & Young LLP, Singapore as a Senior Advisor until June 2008.

During Mr Ng's employment with Ernst & Young LLP, Singapore, he held various positions including head of banking, head of an audit group, partner-in-charge of audit quality review and chief financial officer. He is currently an Independent Director of 800 Super Holdings Limited and Eurosports Global Limited.

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

Mr Ng's directorship in other listed companies over the preceding three years – MDR Limited (resigned on 31 May 2017), St. James Holdings Limited (resigned on 27 October 2014), Cordlife Group Limited (retired on 17 October 2014).

KEY MANAGEMENT

MR MICHAEL REMSEN

Chief Executive Officer of Parkson Retail Asia Group

Mr Michael Remsen was appointed as the Chief Executive Officer of Parkson Retail Asia Group on 1 April 2017. Mr Remsen has over 40 years of experience in the retail industry, having held various positions in Allied Stores Corp, Macy's West, SteinMart, JCPenney and Gordmans Inc. Prior to joining the Company, Mr Remsen was with PT Matahari Department Store Tbk, a listed company in Indonesia where he was Chief Executive Officer and Vice President Director.

Mr Remsen holds a Bachelor of Science (Advertising) from University of Florida, United States and a Master of Arts (Distributive Education) from University of South Florida, United States.

MR LOH CHAI HOON

Chief Executive Officer of Vietnam, Myanmar and Cambodia operations

Mr Loh Chai Hoon was appointed as the Chief Executive Officer of Vietnam, Myanmar and Cambodia operations on 30 August 2017. Mr Loh has over 30 years of experience in the retail industry. He joined our Malaysia operations since 1988 where he held various positions including as Store Manager, Operations Manager and General Manager (Operations). Prior to joining Parkson, Mr Loh worked for a group of department store and supermarket operators in Malaysia.

Mr Loh holds a Bachelor of Business Administration from Universiti Kebangsaan Malaysia.

MR GUI CHENG HOCK

Group Chief Operating Officer of Indonesia operations

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

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

MR LAW BOON ENG

Chief Operating Officer of Malaysia operations

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

Mr Law holds a Diploma in Management from Curtin University, Australia. He was a member of the Chartered Management Institute, UK.

KEY MANAGEMENT

MR CHIA CANG YANG

Chief Financial Officer

Mr Chia Cang Yang is the Chief Financial Officer of the Company. Mr Chia joined the Company as the Finance Manager in 2012. He was appointed as the Acting Chief Financial Officer in January 2017, and became the Chief Financial Officer in April 2017. Prior to joining the Company, Mr Chia was an Audit Manager with Ernst & Young Malaysia involved in the audit of a variety of industries including retail, hospitality, property development and management, construction, shipping, oil and gas, semiconductor, and steel.

Mr Chia holds a Bachelor of Accountancy from Universiti Utara Malaysia, and is a certified accountant with the Malaysian Institute of Accountants and CPA Australia.

MR TAY BOON HOCK

Chief Auditor

Mr Tay Boon Hock is the Chief Auditor of the Company. Mr Tay joined the Company as the Senior Manager - Internal Audit in April 2017, and was appointed as the Chief Auditor in May 2017. Prior to joining the Company, he was with Wah Chan Consolidated Sdn Bhd, an established jeweller in Malaysia where his last held position was Head of Internal Audit. Collectively, Mr Tay has 20 years of experience in internal and external audit, accounting, finance and operations.

Mr Tay holds a Diploma in Financial Accounting from Tunku Abdul Rahman College, Malaysia. He is a Certified Internal Auditor, a member of the Institute of Internal Auditors Malaysia, a fellow member of the Association of Chartered Certified Accountants, and a member of the Malaysian Institute of Accountants.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Tan Sri Cheng Heng Jem (Chairman)

Cheng Hui Yuen, Vivien

Non-Executive Non-Independent Director

Tan Siang Long

Independent Directors

Wee Kheng Jin

Tan Soo Khoon

Ng Tiak Soon

Michael Chai Woon Chew

AUDIT COMMITTEE

Chairman

Wee Kheng Jin (Lead Independent Director)

Members

Tan Soo Khoon

Tan Siang Long

NOMINATING COMMITTEE

Chairman

Tan Soo Khoon

Members

Wee Kheng Jin

Tan Sri Cheng Heng Jem

REMUNERATION COMMITTEE

Chairman

Tan Soo Khoon

Members

Wee Kheng Jin

Tan Siang Long

COMPANY SECRETARIES

Ang Siew Koon (ACIS)

Teo Meng Keong (ACIS)

REGISTERED OFFICE

80 Robinson Road #02-00

Singapore 068898

Tel: (65) 6236 3333

Fax: (65) 6236 4399

SHARE REGISTRAR AND SHARE TRANSFER OFFICE

B.A.C.S Private Limited

8 Robinson Road #03-00

ASO Building

Singapore 048544

AUDITORS

Ernst & Young LLP

One Raffles Quay

North Tower, Level 18

Singapore 048583

Partner in-charge: Philip Ng Weng Kwai

(Since the financial year ended 30 June 2013)

PRINCIPAL BANKERS

United Overseas Bank Limited

HSBC Bank Malaysia Berhad

Malayan Bank Berhad

CIMB Bank Berhad

PT Bank Permata Tbk

Joint Stock Commercial Bank for Foreign Trade of Vietnam

WEBSITE

www.parkson.com.sg

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CORPORATE GOVERNANCE REPORT

The Company and its subsidiaries (the “Group”) recognises the importance of good corporate governance and is committed to attaining a high standard of corporate governance practices to enhance corporate performance and protect the interest of shareholders.

This Corporate Governance Report describes the Group’s corporate governance practices and sets out the manner in which the Group has applied the principles and the extent of compliance with the guidelines as set out in the Code of Corporate Governance 2012 (the “Code”), and where applicable, the Listing Manual of the SGX-ST (the “Listing Manual”). Where there have been deviations from the Code, appropriate explanations have been provided in this Corporate Governance Report.

In the opinion of the Board of Directors of the Company (the “Board”), the Company has generally complied with all the provisions as set out in the Code for the financial year ended 30 June 2017 (“FY2017”).

Principle 1: The Board’s Conduct of Affairs

Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the long-term success of the company. The Board works with Management to achieve this objective and Management remains accountable to the Board.

The Board provides entrepreneurial leadership to the Group, reviews the Group’s strategic objectives and business plans, assesses the key risks presented by Management and assesses the adequacy of internal controls to ensure that key risks are managed to safeguard and protect the interest of the shareholders. The Board also reviews the financial performance of the Group and the performance of the key management team to ensure that the necessary financial and human resources are in place for the Group to meet its strategic objectives. The Board sets the values and standards for the Group to ensure that the reputation of the Group is being upheld. In setting strategic objectives, the Board has also considered environmental, social and governance factors to ensure sustainability of the Group’s business. The Board recognises that the perceptions of the key stakeholder groups affect the Group’s reputation. The Company has identified the key stakeholder groups and regularly seek their feedback to improve the Group’s performance and ensure that expectations are met. All Board members bring their judgement, diversified knowledge and experience to review and approve Management’s plans on issues relating to strategy, performance, resources and standards of conduct.

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

The Board has delegated specific responsibilities to three Board committees, namely the Audit Committee (“AC”), the Nominating Committee (“NC”) and the Remuneration Committee (“RC”), to assist the Board in discharging its duties and responsibilities in the interests of the Company. The Board accepts that while these Board committees have the authority to examine specific issues which are spelt out in the Terms of Reference of the respective Board committees and that they will report to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

CORPORATE GOVERNANCE REPORT

The Board meets at least four times a year. The Board, Board committees meetings and the Company's Annual General Meeting ("AGM") for the following calendar year are scheduled at the end of the current calendar year to enable the Directors to plan their schedule ahead. *Ad hoc* meetings are called when there are matters requiring the Board committee's deliberation and Board's consideration and decision in between the scheduled meetings. The Company's Constitution provides for Board meetings to be held via telephone, or other similar communication facilities whereby all persons participating in the meeting are able to communicate as a group, with at least one of the Directors present at the venue of the meeting for the duration of the meeting. The number of Board and Board committee meetings held in the financial year ended 30 June 2017 ("FY2017") and the attendance of the Directors for the meetings are as follows:

	Board of Directors		Audit Committee		Nominating Committee		Remuneration Committee	
	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended	Position	Number of Meetings Attended
Executive Directors								
Tan Sri Cheng Heng Jem	C	5/5	-	-	M	5/5	-	-
Cheng Hui Yuen, Vivien	M	4/5	-	-	-	-	-	-
Non-executive Non-independent Directors								
Tan Siang Long	M	5/5	M	5/5	-	-	M	4/4
Datuk Lee Kok Leong ⁽¹⁾	M	1/1	-	-	-	-	-	-
Independent Directors								
Wee Kheng Jin	M	5/5	C	5/5	M	5/5	M	4/4
Tan Soo Khoon	M	5/5	M	5/5	C	5/5	C	4/4

⁽¹⁾ retired at the Company's annual general meeting held on 31 October 2016.

Legend:

C – Chairman

M – Member

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

CORPORATE GOVERNANCE REPORT

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

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

During FY2017, a training session was conducted by an external consultant pertaining to Sustainability Reporting requirements. All the Directors and key management personnel attended the training session.

Principle 2: Board Composition and Guidance

There should be a strong and independent element on the Board, which is able to exercise objective judgment on corporate affairs independently, in particular, from Management and 10% shareholders. No individual or small group of individuals should be allowed to dominate the Board's decision making.

There were changes in the Board composition in FY2017 and for the period from 1 July 2017 up to the date of this report. Datuk Lee Kok Leong did not seek for re-election as a Non-Independent Non-Executive Director ("NINED") at the AGM held on 31 October 2016 and retired from the Board. Mr Michael Chai Woon Chew and Mr Ng Tiak Soon were appointed as Independent Directors ("IDs") of the Company on 1 September 2017.

In FY2017, following the retirement of Datuk Lee, the Board comprised of two IDs, one NINED and two Executive Directors ("EDs"). The Company had maintained a satisfactory independent element on the Board by having at least one-third of the Board comprised of IDs. It was compliant with Guideline 2.1 of the Code which recommends that at least one-third of the Board should be independent.

Guideline 2.2 of the Code recommends that where the Chairman of the Board is not an ID, at least half of the Board should be independent. The Company is aware that it has to comply with Guideline 2.2 no later than by the AGM following the end of its financial year commencing on or after 1 May 2016. As at the date of this report, the Board has seven members comprising two EDs, one NINED and four IDs. The Board currently has a strong independent element with more than half of the Board comprised of IDs and the Company is now in compliance with Guideline 2.2 of the Code. The four IDs, namely Messrs Wee Kheng Jin, Tan Soo Khoon, Michael Chai and Ng Tiak Soon have no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement with a view to the best interests of the Company, and they are able to exercise objective judgement on corporate affairs independently from Management.

CORPORATE GOVERNANCE REPORT

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

- (a) the NED has been employed by the Company or any of its related corporations for the current or any of the past three financial years;
- (b) the NED has an immediate family member who is, or has been in any of the past three financial years, employed by the Company or any of its related corporations and whose remuneration is determined by the RC;
- (c) the NED, or an immediate family member, accepting any significant compensation from the Company or any of its related corporations for the provision of services, for the current or immediate past financial year, other than compensation for board service;
- (d) the NED:
 - (i) who, in the current or immediate past financial year, is or was; or
 - (ii) whose immediate family member, in the current or immediate past financial year, is or was, a 10% shareholder of, or a partner in (with 10% or more stake), or an executive officer of, or a director of, any organization to which the Company or any of its subsidiaries made, or from which the Company or any of its subsidiaries received, significant payments or material services (which may include auditing, banking, consulting and legal services), in the current or immediate past financial year. As a guide, payments aggregated over any financial year in excess of S\$200,000 should generally be deemed significant;
- (e) the NED who is a 10% shareholder or an immediate family member of a 10% shareholder of the Company; or
- (f) the NED who is or has been directly associated with a 10% shareholder of the Company, in the current or immediate past financial year.

Mr Tan Siang Long, who is a NED, has been determined by the NC and the Board as not independent as he has an immediate family member (sibling) who has transactions with the Group in the past financial year in an amount exceeding S\$200,000.

The Company was listed on the SGX-ST on 3 November 2011 and none of the IDs have served on the Board for more than nine years.

CORPORATE GOVERNANCE REPORT

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

The Board and the NC are also of the view that the current Board and its Board committees comprise Directors, who as a group, provide an appropriate balance and diversity of skills, experience, gender, age and knowledge of the Group, as well as core competencies such as accounting and finance, legal, business and management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge. Ms Vivien Cheng is the only female director on the Board, and the youngest among the Directors. Ms Cheng, who has vast merchandising experience, has been mentored and guided by her father, Mr Cheng Heng Jem who is the Board Chairman. Mr Wee Kheng Jin and Mr Ng Tiak Soon brought with them their accounting and finance experience. Mr Michael Chai brought with him legal expertise. Mr Tan Soo Khoon, who has his own business, brought with him business and management expertise. Mr Tan Siang Long, whose family once owned the Matahari department store in Indonesia, brought with him very rich retail experience. The Board Chairman founded Parkson and he has other successful businesses, a few of which were also listed on recognised stock exchanges.

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

Mr Wee Kheng Jin, the Lead ID, leads and co-ordinates the activities of the NEDs and provides assistance to the NEDs to constructively challenge and help develop proposals on strategy, review the performance of Management in meeting agreed goals and objectives and monitor the reporting of performance.

To facilitate a more effective check on Management, NEDs are encouraged to meet regularly without the presence of Management. The NEDs who were not involved in the operations of the Group had met several times, either physically or via teleconferencing in FY2017 without the presence of Management.

Principle 3: Chairman and Chief Executive Officer

There should be a clear division of responsibilities between the leadership of the Board and the executives responsible for managing the company's business. No one individual should represent a considerable concentration of power.

To ensure a clear division of responsibilities and a balance of power and authority within the Company, the role of Chairman and the Group Chief Executive Officer ("CEO") of the Company are undertaken separately. Tan Sri Cheng Heng Jem is the Executive Chairman. On 1 April 2017, Mr Michael Larry Remsen was appointed as the Group CEO. The Board Chairman and the Group CEO are not related to each other.

CORPORATE GOVERNANCE REPORT

The Chairman leads the Board in adhering to and maintaining a high standard of corporate governance with full support of the Directors and Management. He is responsible for, among others, the formulation of the Group's strategic directions and expansion plans and managing the Group's overall business development. As the Chairman of the Board, he approves the agenda of each Board meeting and ensures material information is provided to the Board to facilitate decision-making. He also promotes open dialogue and debate during Board meetings. The Chairman monitors communications and relations between the Company and its shareholders, between the Board and the Management and between independent and non-independent Directors, in order to facilitate and encourage constructive relations and dialogue among them.

The Group CEO is responsible for the day-to-day operations of the Group, implementing the Group's strategies and policies, and for conducting the Group's business. The Group CEO attends the quarterly AC and Board meetings on the invitation of the AC and the Board. He updates the AC and the Board on the strategic and operational business aspects of the Group.

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

Principle 4: Board membership

There should be a formal and transparent process for the appointment and re-appointment of directors to the Board.

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

The NC is comprised of three (3) Directors, the majority of whom, including the chairman, are independent. The Lead Independent Director is also a member of the NC.

Tan Soo Khoon – Chairman (ID)

Wee Kheng Jin – Member (Lead ID)

Tan Sri Cheng Heng Jem – Member (ED)

The NC is regulated by a set of written terms of reference endorsed by the Board, and reviewed as well as there are any regulatory changes. The duties and responsibilities of the NC include the following:-

- reviewing appointments to the Board and the Board committees and candidates for senior management positions;
- reviewing Board succession plans for Directors, in particular, the Chairman and the Group CEO;

CORPORATE GOVERNANCE REPORT

- developing a process for evaluation of the performance of the Board, the Board committees and individual Directors;
- reviewing the training and professional development programmes for the Directors;
- determining annually, and as and when circumstances require, if a Director is independent; and
- determining if a Director is able to and has been adequately carrying out his/her duties as a Director of the Company.

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

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

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

In the event that a Director has multiple board representations or other principal commitments, the NC will determine whether or not a Director is able to and has been adequately carrying out his/her duties as Director of the Company. The NC and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful. The contribution of each Director would depend on his individual circumstances, including whether or not he has a full time vocation or other responsibilities, his individual capabilities and the nature and the complexity of the organisations in which he holds appointments. The NC, with the concurrence of the Board, was satisfied that each of the Directors is able to and had adequately carried out his duties as a Director of the Company in FY2017, and had given sufficient time and attention to the affairs of the Company.

CORPORATE GOVERNANCE REPORT

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

In accordance with Article 91 of the Constitution of the Company, Mr Wee Kheng Jin and Ms Cheng Hui Yuen, Vivien will retire at the forthcoming AGM. Ms Cheng Hui Yuen, Vivien has submitted herself for re-election. In this regard, the NC, having considered the attendance and participation of the Ms Vivien Cheng at the Board meetings, in particular, her contribution to the business and operations of the Company, has recommended her re-election. The Board has concurred with the NC's recommendation. As for Mr Wee Kheng Jin, he has expressed his wish to retire at the forthcoming AGM so that he has more time for his family, and also for the Company's progressive Board renewal.

Following Mr Wee Kheng Jin's decision to retire at the Company's forthcoming AGM, and the Company's efforts to comply with Guideline 2.2 of the Code, Mr Michael Chai and Mr Ng Tiak Soon were appointed as IDs to the Board on 1 September 2017. Pursuant to Article 97 of the Constitution of the Company, Mr Chai and Mr Ng shall retire as directors at the forthcoming AGM. Being eligible, Mr Chai and Mr Ng have offered themselves for re-election. The NC nominated their re-election and the Board had concurred with the NC's recommendation.

Principle 5: Board Performance

There should be a formal annual assessment of the effectiveness of the Board as a whole and its board committees and the contribution by each director to the effectiveness of the Board.

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

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

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

CORPORATE GOVERNANCE REPORT

The last Board, Board committees and individual directors' evaluation were conducted in August 2017 in accordance with the procedures adopted by the Board. No external facilitator/consultant was engaged to assist with this performance evaluation exercise. The Board was satisfied that the Board as a whole and its Board committees were effective and that each and every Director had demonstrated commitment to and had contributed to the effective functioning of the Board and the Board committees.

Principle 6: Access to Information

In order to fulfil their responsibilities, directors should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis so as to enable them to make informed decisions to discharge their duties and responsibilities.

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

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

All the Directors have separate and independent access to the Group's senior management, the Company Secretary and her assistant, as well as the Group's internal and external auditors should they have any queries on the affairs of the Group. The contact persons and their contact details are regularly updated and circulated to the Directors.

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

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

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

CORPORATE GOVERNANCE REPORT

Principle 7: Procedures for Developing Remuneration Policies

There should be a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors. No director should be involved in deciding his own remuneration.

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

Tan Soo Khoon – Chairman (ID)
Wee Kheng Jin – Member (Lead ID)
Tan Siang Long – Member (NINED)

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

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

In reviewing the Directors' fees and the key management personnel's compensation packages, the RC will consider all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards and benefits-in-kind. The RC member will abstain from deliberating and voting on his/her own remuneration. The RC will seek expert advice on remuneration matters if necessary. No external consultant was engaged to advise on remuneration matters in FY2017.

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

CORPORATE GOVERNANCE REPORT

Principle 8: Level and Mix of Remuneration

The level and structure of remuneration should be aligned with the long-term interest and risk policies of the company, and should be appropriate to attract, retain and motivate (a) the directors to provide good stewardship of the company, and (b) key management personnel to successfully manage the company. However, companies should avoid paying more than is necessary for this purpose.

The Company sets key performance indicators (“KPIs”) for the key management personnel. A portion of the compensation package is subject to the key management personnel meeting the set KPIs. The RC seeks to achieve a level and mix of remuneration that is able to retain and motivate the key management personnel, and to ensure that appropriate proportions of the remuneration is linked to corporate and individual performance. This is to align the interests of the key management personnel with those of shareholders and to ensure the long-term success of the Company.

The Company has an Employee Share Option Scheme (the “ESOS”). The Company has not granted any share options under the ESOS.

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

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

The NEDs do not have any service contracts. They are paid a basic fee and additional fee for serving on the AC. The RC is also mindful of not over-compensating the NEDs to the extent that their independence may be compromised. The Directors’ fees are subject to approval by shareholders at the AGM. Except as disclosed, the EDs and the NEDs do not receive any other remuneration from the Company for their Board service.

The Directors’ fee structure is as follows:

Proposed Fee Structure (annual basis)		
Board	Audit Committee	
Members	Chairman	Members
S\$55,000	S\$10,000	S\$5,000

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

The RC had recommended to the Board a maximum amount of S\$350,000 as the total Directors’ fees to be paid for the financial year ending 30 June 2018 payable quarterly in arrears (FY2017: S\$350,000). The proposed fee structure for each individual Director remained unchanged from the previous financial year. This recommendation will be tabled for shareholders’ approval at the AGM.

CORPORATE GOVERNANCE REPORT

Principle 9: Disclosure on Remuneration

Each company should provide clear disclosure of its remuneration policies, level and mix of remuneration, and the procedure for setting remuneration, in the company's Annual Report. It should provide disclosure in relation to its remuneration policies to enable investors to understand the link between remuneration paid to directors and key management personnel, and performance.

A breakdown, showing the level and mix of each individual Director's and the Group CEO's remuneration for FY2017 is as follows:

	Fee %	Salary %	Variable Bonus %	Contribution to Defined Contribution Plan %	Benefits %	Total %	Total S\$'000
Executive Directors							
Tan Sri Cheng Heng Jem	100	-	-	-	-	100	55
Cheng Hui Yuen, Vivien	100	-	-	-	-	100	55
Non-Executive Directors							
Tan Siang Long	100	-	-	-	-	100	60
Wee Kheng Jin	100	-	-	-	-	100	65
Tan Soo Khoon	100	-	-	-	-	100	60
Datuk Lee Kok Leong ⁽¹⁾	100	-	-	-	-	100	18
							313
Group Chief Executive Officer							
Larry Michael Remsen ⁽²⁾	-	98	-	-	2	100	390
							703

(1) Director's fee is pro-rated as Datuk Lee retired at the Company's AGM held on 31 October 2016.

(2) Appointed as Group CEO on 1 April 2017.

CORPORATE GOVERNANCE REPORT

The remuneration (shown in bands of S\$250,000) of the top five key management personnel for FY2017 (excluding those who are Directors and the Group CEO) is disclosed in the table below:

	Salary	Variable Bonus	Contribution to Defined Contribution Plan	Benefits	Total
	%	%	%	%	%
Key Management Personnel					
Band A ⁽¹⁾					
Gui Cheng Hock	49	14	6	31	100
Tiang Chee Sung	49	16	6	29	100
Law Boon Eng	69	15	10	6	100
Chia Cang Yang ⁽²⁾	64	15	11	10	100
Tay Boon Hock ⁽³⁾	77	-	11	12	100

(1) Band A refers to remuneration at or below the equivalent of S\$250,000.

(2) Appointed as Acting CFO on 25 January 2017, and re-designated as CFO on 1 April 2017.

(3) Appointed as Chief Auditor on 9 May 2017.

For FY2017, the aggregate total remuneration paid to the top five key management personnel (excluding those who are Directors and the Group CEO) was S\$641,778.

Cheng Hui Yen, Natalie, who is the daughter of Tan Sri Cheng Heng Jem, has an employment relationship with a subsidiary of the Company, and has received remuneration (comprising salary, variable bonus, contribution to defined contribution plan and other benefits) within the band of S\$100,000 to S\$150,000 in FY2017. The basis for determining her remuneration was the same as the basis for determining the remuneration of other employees.

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

The Company had on 12 October 2011 adopted the ESOS, representing share-based incentive options of the Company. As at 30 June 2016, no options under the ESOS have been granted.

The main features of the ESOS are as follows:

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

CORPORATE GOVERNANCE REPORT

- (b) The aggregate number of shares over which the RC may grant options, when added to the number of shares issued and issuable in respect of (i) all options granted under the ESOS, and (ii) all awards granted under any other share option, share incentive, performance share or restricted share plan implemented by the Company, must not exceed 15% of the issued shares of the Company (excluding treasury shares), provided that in relation to controlling shareholder(s) and/or associate(s) of controlling shareholder(s):
- the aggregate number of shares which may be offered by way of grant of options to participants who are controlling shareholder(s) and/or associate(s) of controlling shareholder(s) must not exceed 25% of the total number of shares available under the ESOS and such other share-based incentive schemes of the Company; and
 - the aggregate number of shares which may be offered by way of grant of options to each participant who is a controlling shareholder or his associate under the ESOS must not exceed 10% of the total number of shares available under the ESOS and such other share-based incentive schemes of the Company.
- (c) The options granted under the ESOS may have exercise prices that are set at (i) a price (the "Market Price") equal to the average of the last dealt market price of the shares for the five consecutive market days preceding the date of grant of the relevant option; or (ii) a discount to the Market Price (subject to a maximum discount of 20%).
- (d) The ESOS will continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of the Company's shareholders and of any relevant authorities which may be required.

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

Principle 10: Accountability

The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

The Board is responsible for providing a balanced and understandable assessment of the Group's performance, position and prospects in the annual report to shareholders and the quarterly and annual financial statements announcements.

Management provides all members of the Board with the results of the Group's performance, financial position and prospects on a quarterly basis. Board papers are given prior to any Board meeting (one week in advance for the quarterly Audit Committee and Board meetings) to facilitate effective discussion and decision-making.

CORPORATE GOVERNANCE REPORT

The Board has taken adequate steps to ensure compliance with legislative and regulatory requirements, including requirements under the Listing Manual. A compliance manual covering legislative and regulatory requirements has been circulated to the Management team and is updated when there are amendments to the legislative and regulatory requirements. The compliance manual was last updated, reviewed and adopted by the Board in August 2016. Management provides the EDs with monthly financial reports which are also made available to the NEDs upon their request. Additional or ad-hoc meetings are conducted, when required.

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

Principle 11: Risk Management and Internal Controls

The Board is responsible for the governance of risk. The Board should ensure that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the company's assets, and should determine the nature and extent of the significant risks which the Board is willing to take in achieving its strategic objectives.

The Board recognises the importance of sound internal controls and risk management practices to good corporate governance. The Board affirms its overall responsibility for maintaining an adequate internal control system to safeguard the Company's shareholders' investments and the Company's assets. The Board will continuously review its risk assessment process with a view to improve the Company's internal control system where required.

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

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

The AC received the Risk Management Report on a quarterly basis and the key risks are discussed at the quarterly AC meetings.

The internal audit team performs detailed work to assist the AC in the evaluation of internal controls, financial and accounting matters, compliance, business and financial risk management including controls in the critical IT system. The AC's responsibility for the Group's internal controls are complemented by the work of the Compliance department.

CORPORATE GOVERNANCE REPORT

The Board has received written assurance from the Group CEO and CFO that: (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) regarding the adequacy and effectiveness of the Group's risk management and internal control systems.

The Board, with the concurrence of the AC, is of the opinion that, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management, the various Board committees and the Board and the written assurance from the Group CEO and CFO, the Group's internal controls addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate as at 30 June 2017 and where certain weaknesses were identified, these have been addressed by the Management. It should be noted that the system of internal controls and risk management can provide only reasonable, but not absolute, assurance against financial misstatements or loss, and of safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with all relevant legislation. The Board will continue its on-going risk assessment process with a view to improve the Company's internal controls system.

Principle 12: Audit Committee

The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

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

Wee Kheng Jin – Chairman (Lead ID)

Tan Soo Khoon – Member (ID)

Tan Siang Long – Member (NINED)

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

- reviewing the significant financial reporting issues and judgments to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;
- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors;
- reviewing and reporting to the Board, at least annually, on the adequacy and effectiveness of the Group's internal controls comprising internal financial controls, operational and compliance controls, including procedures for entering into hedging transactions, and risk management policies and systems established by Management (collectively, "internal controls"), ensuring that such review of the effectiveness of the internal controls is conducted at least annually;
- reviewing, with the external auditor, his evaluation of the system of internal accounting controls in the course of the audit of the Group's financial statements;

CORPORATE GOVERNANCE REPORT

- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;
- reviewing the effectiveness of the Group's internal audit function;
- appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and
- making recommendations to the Board on the appointment, reappointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

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

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

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

Mr Wee Kheng Jin, the AC Chairman and the Lead ID, has extensive financial experience in a broad range of industries including banking, construction, hospitality services and real estate development. Mr Tan Soo Khoon has been the Managing Director of a watch distribution company, Crystal Time (S) Pte Ltd, since 1978 and Mr Tan Siang Long is knowledgeable about information technology (IT) systems and controls and possesses relevant experience to assess IT-related matters, in addition to his experience in the retail industry. Please refer to the profile in the "Board of Directors" section in this Annual Report.

The AC held five meetings in FY2017. Four of these meetings were attended by the key management personnel at the invitation of the AC. The Group's external auditors were also present at relevant junctures during some of these meetings.

In FY2017, the AC met the external auditors and the internal auditors separately without the presence of the Executive Directors and Management in August 2016 and February 2017 respectively.

The AC also reviewed the Group's full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group for FY2017 prior to making recommendations to the Board for approval.

CORPORATE GOVERNANCE REPORT

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

The AC has reviewed the non-audit services provided by the external auditors, Ernst & Young LLP, for FY2017 and is of the opinion that the provision of such services did not affect the independence or objectivity of the external auditors as the percentage of the fees for non-audit services is relatively small as compared to the fees for audit services. The external auditors have affirmed their independence in this respect. The aggregate amount of fees paid/payable by the Group to the Company's external auditors are as follows:

	30 June 2017	
	S\$'000	%
Audit services	287	98%
Non-audit services	7	2%
	294	100%

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

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

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

None of the AC members is a former partner or director of the Company's existing auditing corporation.

CORPORATE GOVERNANCE REPORT

Principle 13: Internal Audit

The company should establish an effective internal audit function that is adequately resourced and independent of the activities it audits.

The internal audit department is independent of Management. The Chief Auditor has a direct and primary reporting line to the chairman of the AC, with administrative reporting to the Group CEO. The AC approves the hiring, removal, evaluation and compensation of the Chief Auditor.

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

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

The Internal Audit function meets the Standards for the Professional Practice of Internal Auditing set by The Institute of Internal Auditors.

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

For FY2017, the Audit Committee is satisfied that the internal audit function was adequately resourced, with appropriate standing within the Company.

Principal 14: Shareholder Rights

Companies should treat all shareholders fairly and equitably, and should recognise, protect and facilitate the exercise of shareholders' rights, and continually review and update such governance arrangements.

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

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

CORPORATE GOVERNANCE REPORT

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

The Company allows corporations which provide nominee or custodial services to appoint more than two proxies to attend the general meetings.

Principal 15: Communications with Shareholders

Companies should actively engage their shareholders and put in place an investor relations policy to promote regular, effective and fair communication with shareholders.

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

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

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

The Board does not have a fixed dividend policy at present. The form, frequency and amount of interim/final dividends to be declared each year will be decided/recommended by the Board after taking into consideration the Group's profit, growth, cash position, positive cash flows generated from operations, projected capital requirements for the Group's business growth, general business conditions, and other factors as the Board may deem appropriate. No dividend has been declared in FY2017 in view of the net losses recorded by the Group as well as the widening of the Group's net current liabilities position.

CORPORATE GOVERNANCE REPORT

Principle 16: Conduct of shareholder meetings

Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

The Company believes in encouraging greater shareholder participation at general meetings. Shareholders have the opportunity to participate effectively and to vote at general meetings. At general meetings, shareholders are given the opportunity to participate in the question and answer session.

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

At the general meetings, separate resolutions will be proposed for each subject matter/issue respectively. The Company will generally avoid 'bundling' resolutions unless the resolutions are interdependent and linked so as to form one significant proposal.

The external auditors are present at the AGM to address shareholders' queries on the conduct of the audit and the preparation and content of the auditors' report. The Directors and the Chairman of the AC, NC and RC, or members of the respective Board committees standing in for them, are present at the AGM, to address shareholders' queries.

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

The Company will also prepare minutes of general meetings that include substantial comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and will make such minutes available to shareholders upon their request.

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

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DEALING IN SECURITIES

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

MATERIAL CONTRACTS

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

STATUS REPORT ON USE OF IPO PROCEEDS

The Company had successfully completed its initial public offering of 80,000,000 new ordinary shares of S\$0.94 each on 3 November 2011. As at 30 June 2017, the Company has fully utilised its net IPO proceeds of S\$69.2 million as follows:

- S\$49.2 million for the purpose of store openings in Malaysia, Indonesia and Vietnam;
- S\$5.0 million for the purpose of information technology investment;
- S\$12.4 million to subscribe for the rights issue of shares in Odel PLC, a former associate company; and
- S\$2.6 million as capital contribution to a joint-venture company established to operate department stores in Myanmar.

These amounts were utilised in accordance with the stated use as disclosed in the Company's prospectus dated 27 October 2011 and the announcement on 3 December 2012 pertaining to the revision in utilisation of the IPO proceeds.

CORPORATE GOVERNANCE REPORT

INTERESTED PERSON TRANSACTIONS (“IPTs”)

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

The AC has reviewed the IPTs for FY2017. The aggregate value of the material IPTs between the Group and the interested persons for FY2017 are as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	S\$’000	S\$’000
Lion Corporation Berhad Group ⁽¹⁾	-	347
Lion Forest Industries Berhad Group ⁽²⁾	-	973
Parkson Holdings Berhad Group ⁽³⁾	658	5,054
Secom (M) Sdn Bhd ⁽⁴⁾	-	442
Bonuskad Loyalty Sdn Bhd ⁽⁵⁾	-	7,198
PT Monica Hijaulestari ⁽⁶⁾	-	3,194
WatchMart (M) Sdn Bhd ⁽⁶⁾	-	157

Notes:

- (1) Purchases of equipment, furniture and fittings.
- (2) Purchases of building materials, light fittings, merchandises, procurement of energy conservation services and sale of gift vouchers.
- (3) (i) Royalty expenses, service charge income and rental income totaling S\$0.658 million;
(ii) Sale of gift vouchers, purchase of merchandises and net concessionaire sales totaling S\$5.054 million.
- (4) Purchase of security equipment and procurement of security services.
- (5) Marketing fees payable for the bonus points issued and amounts receivable for points redemption made by cardholders.
- (6) Purchases of merchandise.

DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 30 June 2017.

Opinion of the directors

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet, statement of changes in equity of the Company, with the continued financial support from the ultimate holding company, are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2017 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and
- (ii) at the date of this statement, with the continued financial support from the ultimate holding company, there are reasonable grounds to believe that the Group will be able to pay its debts as and when they fall due.

Directors

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

Tan Sri Cheng Heng Jem

Tan Siang Long

Wee Kheng Jin

Tan Soo Khoon

Cheng Hui Yuen, Vivien

Ng Tiak Soon (appointed on 01 September 2017)

Michael Chai Woon Chew (appointed on 01 September 2017)

Arrangements to enable directors to acquire shares and debentures

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

DIRECTORS' STATEMENT

Directors' interests in shares and debentures

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

Name of director	Direct interest		Deemed interest	
	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
<i>Ordinary shares of the Company</i>				
Tan Sri Cheng Heng Jem	500,000	500,000	457,933,300	457,933,300
Tan Siang Long	60,000	60,000	–	–
Wee Kheng Jin	150,000	150,000	–	–
Tan Soo Khoon	60,000	60,000	–	–

Ordinary shares of the ultimate holding company (Parkson Holdings Berhad)

Tan Sri Cheng Heng Jem	341,765,266	297,853,526	290,979,019	347,872,796
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Ordinary shares of a related corporation (Parkson Retail Group Limited)

Tan Sri Cheng Heng Jem	–	–	1,448,270,000	1,448,270,000
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The immediate holding company is East Crest International Limited ("ECIL"). Parkson Holdings Berhad ("PHB") is the sole shareholder of ECIL, and is as such deemed to be interested in the shares of the Company held by ECIL. Tan Sri Cheng Heng Jem has a direct interest in 27.91% and an indirect interest in 32.63% of the voting shares of PHB, and as such by virtue of his control of the exercise of not less than 20.0% of the votes attached to the voting shares in PHB, is deemed to be interested in the shares of the Company held by ECIL.

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

There were no changes in any of the above-mentioned interests in the Company between the end of the financial year and 21 July 2017.

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

DIRECTORS' STATEMENT

Options

No options were issued by the Company or its subsidiaries during the financial year. As at 30 June 2017, there were no options on the unissued shares of the Company or its subsidiaries which were outstanding.

Audit committee

The Audit Committee ("AC") comprises Wee Kheng Jin, Tan Siang Long and Tan Soo Khoon. The chairman of the AC is Wee Kheng Jin. Majority of the members, including the Chairman, are independent non-executive directors.

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

Auditor

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

On behalf of the board of directors:

Tan Sri Cheng Heng Jem
Director

Cheng Hui Yuen, Vivien
Director

Singapore
6 October 2017

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2017

Independent auditor's report to the members of Parkson Retail Asia Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Parkson Retail Asia Limited (the Company) and its subsidiaries (the Group), which comprise the balance sheets of the Group and of the Company as at 30 June 2017, and the consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements of the Group and the balance sheet of the Company are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 30 June 2017 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 2 in the financial statements, which indicates that the Group incurred a net loss of SGD61,234,000 for the year ended 30 June 2017, and as of that date, the Group's current liabilities exceeded its current assets by SGD55,456,000. As stated in Note 2, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. The ability of the Group to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations and the continued financial support from the ultimate holding company, Parkson Holdings Berhad.

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

Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2017

Key Audit Matters

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

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

Impairment assessment of goodwill

Management has recognised a full impairment of SGD4,309,000 on goodwill for the current financial year. The goodwill was allocated to the cash generating unit of the Indonesia geographical segment. We considered management's annual goodwill impairment assessment to be significant to our audit because the process requires management to exercise significant judgement and use estimates that relate to future results of the Group's operations in Indonesia. As discussed in Note 18, the key assumptions and estimates used in the cash flow projections are pre-tax discount rates, budgeted gross margins, growth rates and market share assumptions. These assumptions and estimates could be affected by future market and economic conditions in Indonesia such as economic growth, inflation rates, revenue and margin development. For these reasons, we have identified this as a key audit matter.

Our audit procedures included, amongst others, assessing the reasonableness of the assumptions used in the cash flow projections approved by the board of directors. For this purpose, we also involved the auditor of the subsidiary in the evaluation of the assumptions used by management in their cash flow projections, by comparing the assumptions used to historic performance of the Indonesia operations, and considering the viability of future plans, local economic development and industry outlook. Our internal specialists also assisted us in evaluating the reasonableness of key assumptions such as the pre-tax discount rate and growth rate.

We also reviewed the disclosures of the key assumptions to which the outcome of the impairment test is most sensitive. The disclosures on goodwill and key assumptions are included in Note 18 to the financial statements.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2017

Impairment assessment of property, plant and equipment

The Group operates retail stores primarily in Malaysia, Indonesia and Vietnam, and an edutainment centre in Malaysia. The carrying value of the associated assets are considered material to the Group. In addition, management judgement is also involved in the identification of any impairment indicators as well as the assessment of the recoverable value of the asset. Such judgement is made based on future store performance, which is, amongst others, dependent on the expected store traffic and the competitive environment in local markets. For these reasons, we have identified this as a key audit matter. Based on impairment testing, management recognised impairment charge of SGD21,381,000 on property, plant and equipment during the financial year.

We reviewed the audit procedures performed by the auditors of the subsidiaries. The procedures included, amongst others, assessing management's identification of impairment indicators of assets related to loss-making stores. Where an impairment indicator is identified, the auditors of the subsidiaries evaluated the reasonableness of management's assumptions underlying the impairment calculation for those stores by comparing the assumptions used to historic performance of the stores, internal forecasts approved by management and considered the viability of future plans, local economic development and industry outlook. Our internal specialists assisted us in evaluating the reasonableness of the discount rate. We visited certain major subsidiaries and their auditors and held discussions with management and the auditors of the subsidiaries on the key findings from their work.

Inventory obsolescence

The Group's inventories mainly consist of inventories at department stores. The Group held inventory balances of SGD71,335,000, representing 21% of the Group's total assets as at 30 June 2017. Inventories are subject to theft and/or obsolescence which is an inherent risk to the Group. As at 30 June 2017, the allowance for inventory shrinkage and inventory obsolescence is SGD3,718,000. Inventories are carried at the lower of cost and net realisable value. As the determination of net realisable value requires significant management judgement, we have identified this as a key audit matter.

The Group's disclosures for inventories are included in Note 21 to the financial statements.

We reviewed the audit procedures performed by the auditors of the subsidiaries. The procedures included, amongst others, attending a selection of inventory cycle counts in stores to validate the counts performed by the respective subsidiaries. The auditors compared their count results with the count results by management's personnel, performed roll forward of samples selected during the inventory cycle count to year end and reconciled to the quantity as at year end. They assessed the adequacy of the shrinkage allowance made by assessing the total shrinkage loss recognised after the inventory cycle counts and projected it to year end. They tested the design and effectiveness of system controls over the purchasing, receiving and invoice matching process. They assessed the adequacy of the allowance of obsolescence made by checking samples of inventories to sales close to and subsequent to the year end to ascertain if they were sold above their carrying amounts. They assessed whether there were inventories which were sold at negative margin during the year and subsequent to year end, particularly on the inventories aged more than 180 days. We held discussions with management and the auditors of the relevant subsidiaries on the key findings from their work.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2017

Recognition of deferred tax assets

As at 30 June 2017, the Group recognised deferred tax assets of SGD1,957,000. A deferred tax asset is recognised only to the extent that there is sufficient taxable profit available in future years, against which the deferred tax asset can be utilised.

The recognition of deferred tax assets was significant to our audit because it involves significant management judgement and is based on assumptions that are affected by future market or economic conditions. For these reasons, we have identified this as a key audit matter.

The procedures which were performed by the auditors of the subsidiaries, included amongst others, obtaining an understanding of management's business plans through discussions with management. The auditors of the subsidiaries reviewed the taxable profit forecast prepared by management, tested key assumptions used in the forecasts and compared to historic performance of the subsidiaries and budgets approved by management. We held discussions with management and the auditors of the relevant subsidiaries on the key findings from their work.

Impairment assessment of investment in subsidiaries and amount due from subsidiaries (Parent company only)

As at 30 June 2017, the Company has investment in subsidiaries which are mainly PT Tozy Sentosa, Centro Retail Pte Ltd and Parkson Corporation Sdn Bhd. The investment in these subsidiaries are important to our audit due to the significance of the carrying value of these assets as well as the judgement involved in the assessment of the recoverability of these investments. PT Tozy Sentosa operates the Group's operations in Indonesia whilst Centro Retail Pte Ltd is an investment holding company that holds a direct equity interest in PT Tozy Sentosa. Parkson Corporation Sdn Bhd operates the Group's department store operations in Malaysia.

We also focused on the amount due from subsidiaries of SGD16,847,000 as at 30 June 2017 because of the significance of the amount.

Management's assessment of the recoverable amount of the investments in subsidiaries and the amount due from subsidiaries requires estimation and judgement around the assumptions used, including the recoverable value of the asset. Key assumptions and estimates used in the cash flow projections are pre-tax discount rates, budgeted gross margins and growth rates. For these reasons, we have identified this as a key audit matter.

Based on the impairment test, management recognised impairment of SGD31,237,000 against the investment in subsidiaries and allowance for doubtful debts of SGD5,094,000 against the amount due from subsidiaries during the current financial year.

Our audit procedures included, amongst others, assessing the reasonableness of the assumptions used in the cash flow projections approved by the board of directors. For this purpose, we also involved the auditors of the subsidiaries in the evaluation of the assumptions used by management in their cash flow projections, by comparing the assumptions used to historic performance of the subsidiaries, and considering the viability of future plans, local economic development and industry outlook. Our internal specialists also assisted us in evaluating the reasonableness of certain key assumptions such as the pre-tax discount rates and growth rates. We held discussions with management and the auditors of the subsidiaries on the key findings from their work.

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2017

Other Information

Management is responsible for the other information. The other information comprises the information included in the Corporate Profile, Geographic Footprint, Key Milestones, Chairman's Statement, Financial Highlights, Management Discussion and Analysis, CSR Programme, Board of Directors, Key Management, Corporate Information, Corporate Governance Report, Director's Statement, Shareholding Statistics and Notice of Annual General Meeting within the Annual Report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2017

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 30 June 2017

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Philip Ng Weng Kwai.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

6 October 2017

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2017

	Note	2017 SGD'000	2016 SGD'000
Revenue	4	412,734	388,417
Other items of income			
Finance income	5	2,791	4,235
Other income	6	5,101	52,875
Items of expense			
Changes in merchandise inventories and consumables	21	(164,640)	(144,238)
Employee benefits expense	7	(63,964)	(56,094)
Depreciation and amortisation expenses	8	(27,949)	(22,523)
Promotional and advertising expenses		(10,615)	(10,597)
Rental expenses	8	(114,438)	(109,460)
Finance costs	5	(391)	(329)
Other expenses		(85,615)	(67,366)
(Loss)/profit before tax	8	(46,986)	34,920
Income tax expense	9	(14,248)	(6,325)
(Loss)/profit for the year		<u>(61,234)</u>	<u>28,595</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(58,218)	30,177
Non-controlling interests		(3,016)	(1,582)
		<u>(61,234)</u>	<u>28,595</u>
(Loss)/earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	10	<u>(8.64)</u>	<u>4.46</u>

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2017

	2017 SGD'000	2016 SGD'000
(Loss)/profit for the year	(61,234)	28,595
Other comprehensive income:		
<i>Items that will not be reclassified to profit or loss:</i>		
Remeasurement of defined benefit plan, net of tax	174	(69)
<i>Item that may be reclassified subsequently to profit or loss:</i>		
Exchange differences on translating foreign operations	(2,597)	(6,214)
	(2,423)	(6,283)
Total comprehensive income for the year	(63,657)	22,312
Attributable to:		
Owners of the Company	(60,696)	24,520
Non-controlling interests	(2,961)	(2,208)
	(63,657)	22,312

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

BALANCE SHEETS

As at 30 June 2017

	Note	Group		Company	
		2017	2016	2017	2016
		SGD'000	SGD'000	SGD'000	SGD'000
ASSETS					
Non-current assets					
Property, plant and equipment	11	145,463	145,643	–	–
Land use right	12	7,798	7,891	–	–
Investments in subsidiaries	13	–	–	131,391	135,019
Investment in an associate	14	–	–	–	–
Deferred tax assets	15	1,957	9,096	–	–
Other receivables	17	22,138	23,939	–	31,094
Prepayments	16	1,994	5,613	–	–
Intangible assets	18	1,121	5,551	–	–
Derivatives	19	17	18	–	–
Investment securities	20	75	78	–	–
		180,563	197,829	131,391	166,113
Current assets					
Inventories	21	71,335	76,946	–	–
Trade and other receivables	17	16,514	20,687	16,847	23,155
Prepayments	16	5,021	5,030	13	13
Tax recoverable		3,495	4,076	–	–
Cash and short-term deposits	22	63,387	69,509	1,355	1,679
		159,752	176,248	18,215	24,847
Total assets		340,315	374,077	149,606	190,960
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	23	186,554	160,512	843	453
Other liabilities	24	26,795	26,452	–	–
Provisions	25	1,775	–	–	–
Tax payable		84	647	–	–
		215,208	187,611	843	453
Net current (liabilities)/assets		(55,456)	(11,363)	17,372	24,394

BALANCE SHEETS

As at 30 June 2017

	Note	Group		Company	
		2017	2016	2017	2016
		SGD'000	SGD'000	SGD'000	SGD'000
Non-current liabilities					
Other payables	23	6,100	6,259	–	–
Other liabilities	24	17,418	19,466	–	–
Provisions	25	10,859	3,021	–	–
Deferred tax liabilities	15	430	394	430	394
		34,807	29,140	430	394
Total liabilities		250,015	216,751	1,273	847
Net assets		90,300	157,326	148,333	190,113
Equity attributable to owners of the Company					
Share capital	26(a)	231,676	231,676	231,676	231,676
Treasury shares	26(b)	(549)	(549)	(549)	(549)
Other reserves	27	(166,169)	(163,517)	(51,046)	(42,472)
Retained earnings		28,900	90,313	(31,748)	1,458
		93,858	157,923	148,333	190,113
Non-controlling interests		(3,558)	(597)	–	–
Total equity		90,300	157,326	148,333	190,113

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2017

Group	Attributable to owners of the Company						
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 26(a))	Treasury shares (Note 26(b))	Retained earnings	Other reserves (Note 27)	Non- controlling interests
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Opening balance at 1 July 2016	157,326	157,923	231,676	(549)	90,313	(163,517)	(597)
Loss for the year	(61,234)	(58,218)	–	–	(58,218)	–	(3,016)
<u>Other comprehensive income</u>							
Foreign currency translation	(2,597)	(2,652)	–	–	–	(2,652)	55
Remeasurement of defined benefit plan, net of tax	174	174	–	–	174	–	–
	(2,423)	(2,478)	–	–	174	(2,652)	55
Total comprehensive income for the year	(63,657)	(60,696)	–	–	(58,044)	(2,652)	(2,961)
<u>Distributions to owners</u>							
Dividends (Note 28)	(3,369)	(3,369)	–	–	(3,369)	–	–
Total distributions to owners	(3,369)	(3,369)	–	–	(3,369)	–	–
Closing balance at 30 June 2017	90,300	93,858	231,676	(549)	28,900	(166,169)	(3,558)

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2017

Group	Attributable to owners of the Company							
	Equity, total	Equity attributable to owners of the Company, total	Share capital (Note 26(a))	Treasury shares (Note 26(b))	Retained earnings	Other reserves (Note 27)	Reserve of disposal group classified as held for sale	Non- controlling interests
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Opening balance at 1 July 2015	130,046	148,005	231,676	–	73,751	(157,036)	(386)	(17,959)
Profit for the year	28,595	30,177	–	–	30,177	–	–	(1,582)
<u>Other comprehensive income</u>								
Foreign currency translation	(6,214)	(5,588)	–	–	–	(5,588)	–	(626)
Remeasurement of defined benefit plan, net of tax	(69)	(69)	–	–	(69)	–	–	–
	(6,283)	(5,657)	–	–	(69)	(5,588)	–	(626)
Total comprehensive income for the year	22,312	24,520	–	–	30,108	(5,588)	–	(2,208)
<u>Changes in ownership interests in subsidiaries</u>								
Partial disposal of a former subsidiary (Note 13)	18,964	(507)	–	–	–	(893)	386	19,471
Contribution by non-controlling interest	99	–	–	–	–	–	–	99
Total changes in ownership interests in subsidiaries	19,063	(507)	–	–	–	(893)	386	19,570
<u>Distributions to owners</u>								
Dividends (Note 28)	(13,546)	(13,546)	–	–	(13,546)	–	–	–
Purchase of treasury shares	(549)	(549)	–	(549)	–	–	–	–
Total distributions to owners	(14,095)	(14,095)	–	(549)	(13,546)	–	–	–
Closing balance at 30 June 2016	157,326	157,923	231,676	(549)	90,313	(163,517)	–	(597)

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

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2017

Company	Equity, total SGD'000	Share capital (Note 26(a)) SGD'000	Treasury shares (Note 26((b))) SGD'000	Retained earnings SGD'000	Other reserves (Note 27) SGD'000
Opening balance at 1 July 2016	190,113	231,676	(549)	1,458	(42,472)
Loss for the year	(29,837)	–	–	(29,837)	–
<u>Other comprehensive income</u>					
Foreign currency translation	(8,574)	–	–	–	(8,574)
Total comprehensive income for the year	(38,411)	–	–	(29,837)	(8,574)
<u>Distributions to owners</u>					
Dividends (Note 28)	(3,369)	–	–	(3,369)	–
Total distributions to owners	(3,369)	–	–	(3,369)	–
Closing balance at 30 June 2017	148,333	231,676	(549)	(31,748)	(51,046)
Opening balance at 1 July 2015	208,025	231,676	–	6,627	(30,278)
Profit for the year	8,377	–	–	8,377	–
<u>Other comprehensive income</u>					
Foreign currency translation	(12,194)	–	–	–	(12,194)
Total comprehensive income for the year	(3,817)	–	–	8,377	(12,194)
<u>Distributions to owners</u>					
Dividends (Note 28)	(13,546)	–	–	(13,546)	–
Purchase of treasury shares	(549)	–	(549)	–	–
Total distributions to owners	(14,095)	–	(549)	(13,546)	–
Closing balance at 30 June 2016	190,113	231,676	(549)	1,458	(42,472)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2017

	Note	2017 SGD'000	2016 SGD'000
Operating activities			
(Loss)/profit before tax		(46,986)	34,920
Adjustments for:			
Depreciation of property, plant and equipment	11	27,374	21,804
Amortisation of intangible assets	18	439	584
Amortisation of land use right	12	136	135
Allowance for doubtful trade and other receivables, net	17	7,016	9,292
Unrealised exchange (gain)/loss		(85)	78
Net benefit expense from defined benefit plan	23	183	166
Property, plant and equipment written off		3,689	428
Impairment of property, plant and equipment	11	21,381	5,399
Impairment loss on intangible assets	18	4,685	–
Provision for onerous contract	25	1,003	–
(Gain)/loss on disposal of property, plant and equipment, net	6/8	(9)	15
Amortisation of deferred lease expense	17	1,707	999
Amortisation of deferred lease income	23	(221)	(288)
Write back of deferred lease income	23	(1,072)	–
Inventory written down	21	2,130	–
Income from expired gift vouchers	6	(1)	(1,038)
Impairment on prepaid rental	16	–	2,771
Inventory shrinkages	21	1,588	624
Gain on partial disposal of a former subsidiary	13	–	(46,797)
Dividend income from investment securities	6	(34)	(56)
Finance costs	5	391	329
Finance income	5	(2,791)	(4,235)
Operating cash flows before changes in working capital		20,523	25,130
Changes in working capital:			
Decrease/(increase) in:			
Inventories		(1,164)	(26,733)
Trade and other receivables		(4,904)	(22,597)
Prepayments		3,703	655
Increase/(decrease) in:			
Trade and other payables		35,325	30,070
Other liabilities		(3,450)	25,762
Cash flows from operations		50,033	32,287
Interest received		1,230	3,125
Income taxes paid		(6,869)	(9,220)
Net cash flows from operating activities		44,394	26,192

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2017

	Note	2017 SGD'000	2016 SGD'000
Investing activities			
Net cash outflow from partial disposal of a former subsidiary	13	–	(513)
Proceeds from withdrawal of money market instruments		–	11,121
Proceeds from disposal of property, plant and equipment		69	33
Purchase of property, plant and equipment	A	(44,625)	(72,137)
Additions to intangible assets	18	(594)	(744)
Dividend income from investment securities	6	34	56
Net cash flows used in investing activities		(45,116)	(62,184)
Financing activities			
Dividends paid on ordinary shares	28	(3,369)	(13,546)
Purchase of treasury shares	26	–	(549)
Contribution by non-controlling interest		–	99
Net cash flows used in financing activities		(3,369)	(13,996)
Net decrease in cash and cash equivalents		(4,091)	(49,988)
Effect of exchange rate changes on cash and cash equivalents		(2,031)	(6,479)
Cash and cash equivalents at 1 July		69,509	125,976
Cash and cash equivalents at 30 June	22	63,387	69,509

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2017 SGD'000	2016 SGD'000
Current year additions to property, plant and equipment	11	55,395	79,426
Less: Payable to creditors	23	(3,270)	(4,579)
Less: Provision for restoration costs	25	(8,614)	(2,950)
Less: Accrued expenses	24	(3,500)	(208)
		40,011	71,689
Add: Payments for prior year purchase		4,787	451
Exchange differences		(173)	(3)
Net cash outflow for purchase of property, plant and equipment		44,625	72,137

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

1. Corporate information

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

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

- Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia;
- 35 Bis - 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;
- Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten, Indonesia; and
- Level 1 and 2, Corner of Pyay Road and Kyunn Taw Road, 07 Quarter, Kamaryut Township, Yangon Myanmar

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

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

2. Summary of significant accounting policies

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

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 Singapore Dollars (“SGD”) and all values in the tables are rounded to the nearest thousand (SGD’000), except when otherwise indicated.

The Accounting Standards Council announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange will apply a new financial reporting framework identical to the International Financial Reporting Standards. The Group will adopt the new financial reporting framework on 1 January 2018.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.1 *Basis of preparation (cont'd)*

Fundamental accounting concept

The financial statements of the Group have been prepared on a going concern basis notwithstanding that the Group incurred a net loss of SGD61,234,000 (2016: net profit of SGD28,595,000) during the financial year ended 30 June 2017 and as at that date, the Group's current liabilities exceeded its current assets by SGD55,456,000 (2016: SGD11,363,000). These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern.

The directors are of the view that it is appropriate to prepare the Group's financial statements on a going concern basis as the ultimate holding company, Parkson Holdings Berhad, has agreed to provide financial support for the next twelve months from the date of the financial statements to enable the Group to meet its financial obligations as and when they fall due and the Group will be able to generate sufficient cash flows from its operations.

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

2.2 *Changes in accounting policies*

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2016. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 <i>Disclosure Initiative</i>	1 January 2017
Amendments to FRS 12 <i>Recognition of Deferred Tax Assets for Unrealised Losses</i>	1 January 2017
<i>Improvements to FRSs (December 2016)</i>	
- Amendments to FRS 112 <i>Disclosure of Interests in Other Entities</i>	1 January 2017
- Amendments to FRS 28: <i>Investments in Associates and Joint Ventures</i>	1 January 2018
FRS 109 <i>Financial Instruments</i>	1 January 2018
FRS 115 <i>Revenue from Contracts with Customers</i>	1 January 2018
Amendments to FRS 115 <i>Clarifications to FRS 115 Revenue from Contract with Customers</i>	1 January 2018
INT FRS 122 <i>Foreign Currency Transactions and Advance Consideration</i>	1 January 2018
FRS 116 <i>Leases</i>	1 January 2019
Amendments to FRS 110 and FRS 28 <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i>	To be determined

Except for FRS 115, FRS 109 and FRS 116, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 115, FRS 109 and FRS 116 are described below.

FRS 115 Revenue from Contracts with Customers

FRS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under FRS. Either a full retrospective application or a modified retrospective application is required for annual periods beginning on or after 1 January 2018. Early adoption is permitted.

The Group is in the business of retailing covering department stores and apparel outlets, and operators of food courts and bakeries. The Group does not expect any material impact upon adoption of FRS 115.

The following practical expedients are available when applying FRS 115 retrospectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.3 *Standards issued but not yet effective (cont'd)*

- For completed contracts, an entity need not restate contracts that begin and end with the same annual reporting period or are completed contracts at the beginning of the earliest period presented.
- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating the variable consideration amounts in the comparative reporting periods; and
- For contracts that were modified before the beginning of the earliest period presented, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity shall reflect the aggregate effect of all of the modifications that occur before the beginning of the earliest period presented when:
 - o identifying the satisfied and unsatisfied performance obligations;
 - o determining the transaction price; and
 - o allocating the transaction price to the satisfied and unsatisfied performance obligations.
- For all reporting periods presented before the date of initial application, an entity need not disclose the amount of the transaction price allocated to the remaining performance obligations and an explanation of when the entity expects to recognise that amount as revenue.

The Group plans to adopt the new standard on the required effective date using the full retrospective method and apply all the practical expedients available for full retrospective approach under FRS 115 as listed above.

FRS 109 Financial Instruments

FRS 109 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting. Financial assets are classified according to their contractual cash flow characteristics and the business model under which they are held. The impairment requirements in FRS 109 are based on an expected credit loss model and replace the FRS 39 incurred loss model.

(a) Classification and measurement

The Group currently measures its investments in unquoted equity securities at cost. Under FRS 109, the Group will be required to measure the investment at fair value. Any difference between the previous carrying amount under FRS 39 and the fair value would be recognised in the opening retained earnings when the Group applies FRS 109.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.3 *Standards issued but not yet effective (cont'd)*

FRS 109 Financial Instruments (cont'd)

(b) Impairment

FRS 109 requires the Group to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Upon application of the expected credit loss model, the Group expects a significant impact on its equity due to unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of impact.

The Group plans to adopt the new standard on the required effective date without restating prior periods' information and recognises any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

FRS 116 Leases

FRS 116 requires lessees to recognise most leases on balance sheets to reflect the rights to use the leased assets and the associated obligations for lease payments as well as the corresponding interest expense and depreciation charges. The standard includes two recognition exemption for lessees – leases of 'low value' assets and short-term leases. The new standard is effective for annual periods beginning on or after 1 January 2019.

The Group is currently assessing the impact of the new standard and plans to adopt the new standard on the required effective date. The Group expects the adoption of the new standard will result in increase in total assets and total liabilities, EBITDA and gearing ratio.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

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

(a) Basis of consolidation (cont'd)

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

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

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

(b) Business combinations and goodwill

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

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

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

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8. In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

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

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

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

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

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

- The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.
- No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.
- No additional goodwill is recognised as a result of the combination.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

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

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

- Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.
- The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

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

2.5 Transactions with non-controlling interests

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

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

2.6 Functional and foreign currency

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

(a) Transactions and balances

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.6 *Functional and foreign currency (cont'd)*

(b) *Consolidated financial statements*

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

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to the non-controlling interest and are not recognised in profit or loss. For partial disposal of associate that is foreign operation, the proportionate share of the accumulated differences is reclassified to profit or loss.

2.7 *Property, plant and equipment*

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

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

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

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

Assets under construction included in plant and equipment are not depreciated as these assets are not yet available for use.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.8 *Intangible assets*

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

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

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

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

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

(i) Club memberships

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

(ii) Customer relationships

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

(iii) Software

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

(iv) Licensing fee

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.9 *Land use right*

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

2.10 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

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

2.11 *Subsidiaries*

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

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

2.12 *Associate*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.12 *Associate (cont'd)*

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

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

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

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

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

2.13 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

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

When financial assets are recognised initially, they are measured at fair value, plus, in the case of the financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.13 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any 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 fair value through profit or loss include exchange differences, interest and dividend income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are de-recognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.13 *Financial instruments (cont'd)*

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

(iii) Available-for-sale financial assets (cont'd)

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is de-recognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

De-recognition

A financial asset is de-recognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or de-recognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

Initial recognition and measurement

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.13 *Financial instruments (cont'd)*

(b) *Financial liabilities (cont'd)*

Subsequent measurement

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

Financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

De-recognition

A financial liability is de-recognised 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 de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.14 *Impairment of financial assets*

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired.

(a) *Financial assets carried at amortised cost*

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.14 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Financial assets carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(c) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor, (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal repayment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

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

(c) *Available-for-sale financial assets (cont'd)*

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.15 *Cash and cash equivalents*

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

2.16 *Inventories*

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and conditions are accounted for as follows:

- Merchandise and consumables: purchase costs on a weighted average basis.

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

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

2.17 *Provisions*

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.18 *Employee benefits*

(a) *Defined contribution plans*

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

(b) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The undiscounted liability for leave expected to be settled wholly before twelve months after the end of the reporting period is recognised for services rendered by employees up to the end of the reporting period.

(c) *Defined benefit plan*

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

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

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

2.19 *Leases*

(a) *As lessee*

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.19 *Leases (cont'd)*

(b) *As lessor*

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

2.20 *Revenue*

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty.

(a) *Sale of goods*

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

(b) *Commissions from concessionaire sales*

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

(c) *Consultancy and management service fees*

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

(d) *Rental income*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.20 Revenue (cont'd)

(e) Revenue from customer loyalty award

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

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

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

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Royalty income

Royalty income is recognised on an accrual basis over the life of the royalty agreements.

(h) Promotion income

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

(i) Revenue from theme park operations

Entrance fee to theme park is recognised when tickets are sold.

(j) Revenue from education centre operations

Tuition fees are recognised on an accrual basis over the duration of the course. General administration and other fees are recognised on receipt basis.

(k) Revenue from food and beverage operations

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.21 Taxes

(a) *Current income tax*

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

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) *Deferred tax*

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

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

- Where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in 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.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.21 *Taxes (cont'd)*

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

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) *Sales tax*

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

2.22 *Share capital and share issue expenses*

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

2.23 *Treasury shares*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

2.24 *Contingencies*

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

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

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

2.25 *Non-current assets held for sale and discontinued operations*

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

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

3. Significant accounting estimates and judgements

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

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

(a) Income taxes

The Group has exposure to income taxes in various jurisdictions. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. The carrying amounts of the Group's income tax payable and tax recoverable as at 30 June 2017 were approximately SGD84,000 (2016: SGD647,000) and SGD3,495,000 (2016: 4,076,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2017 were SGD1,957,000 (2016: SGD9,096,000) and SGD430,000 (2016: SGD394,000) respectively.

3.2 Key sources of estimation uncertainty

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

(a) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's goodwill at the end of the reporting period is disclosed in Note 18.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

3.2 Key sources of estimation uncertainty (cont'd)

(b) *Impairment of property, plant and equipment*

The Group recognised impairment loss in respect of the property, plant and equipment of its subsidiaries. This requires an estimation of the value in use of the subsidiaries' cash-generating units to which the property, plant and equipment are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's property, plant and equipment and impairment loss recognised at the end of the reporting period are disclosed in Note 11.

(c) *Allowance for inventories' obsolescence*

Allowance for inventories obsolescence is estimated based on the best available facts and circumstances at the end of each reporting period, including but not limited to, the inventories' own physical conditions, their expected market selling prices, and estimated costs to be incurred for their sales. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories and provision for obsolescence recognised at the end of the reporting period are disclosed in Note 21.

(d) *Impairment of investment in subsidiaries and amount due from subsidiaries*

The Company determines whether its investment in subsidiaries and the amount due from subsidiaries are impaired. This involves an estimation of the value in use of the subsidiaries. Estimating the value in use requires the Company to make an estimate of the expected future cash flows from these subsidiaries, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Company's investment in subsidiaries and amount due from subsidiaries recognised at the end of the reporting period are disclosed in Note 13 and Note 17 respectively.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

4. Revenue

	Group	
	2017	2016
	SGD'000	SGD'000
Sale of goods - direct sales	211,958	185,990
Commissions from concessionaire sales	182,067	186,426
Consultancy and management service fees	382	598
Rental income	17,234	15,366
Revenue from theme park and education centre operations	326	37
Revenue from food and beverage operations	767	–
	412,734	388,417

5. Finance income/costs

	Group	
	2017	2016
	SGD'000	SGD'000
<i>Finance income</i>		
Interest income on short-term deposits	1,428	3,447
Unwinding of discount on rental deposit receivables	1,363	788
	2,791	4,235
<i>Finance costs</i>		
Unwinding of discount on:		
- Rental deposit payables	(315)	(258)
- Provision for restoration costs (Note 25)	(76)	(71)
	(391)	(329)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

6. Other income

	Group	
	2017	2016
	SGD'000	SGD'000
Cash discount from suppliers	946	1,043
Promotion income	973	1,564
Income recognised from gift vouchers expired	1	1,038
Gain on partial disposal of a former subsidiary (Note 13)	–	46,797
Gain on disposal of property, plant and equipment	9	–
Dividend income from investment securities	34	56
Exchange gain	754	247
Recoverable expense from sub-tenant	1,169	864
Others	1,215	1,266
	5,101	52,875

7. Employee benefits expense

	Group	
	2017	2016
	SGD'000	SGD'000
Wages, salaries and bonuses	49,665	43,360
Contribution to defined contribution plans	4,618	3,899
Net benefit expense from defined benefit plan (Note 23)	183	166
Other staff related expenses	9,498	8,669
	63,964	56,094

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

8. (Loss)/profit before tax

The following items have been included in arriving at (loss)/profit before tax:

	Group	
	2017	2016
	SGD'000	SGD'000
Audit fees:		
- Auditors of the Company	287	242
- Other auditors	315	393
Non-audit fees:		
- Auditors of the Company	7	7
- Other auditors	35	22
Total audit and non-audit fees	644	664
Depreciation and amortisation expenses		
- Depreciation of property, plant and equipment (Note 11)	27,374	21,804
- Amortisation of land use right (Note 12)	136	135
- Amortisation of intangible assets (Note 18)	439	584
	27,949	22,523
Rental expenses:		
- Minimum lease payments	111,549	107,428
- Contingent lease payments	1,182	1,033
- Amortisation of deferred lease expense (Note 17)	1,707	999
	114,438	109,460
Allowance for doubtful trade and other receivables, net (Note 17):		
- Rental deposits paid for a planned store	3,231	498
- Deposits to managed stores	-	2,283
- Amount due from managed stores	1,358	2,972
- Amount due from an associate	1,555	3,525
- Trade and other receivables	872	14
	7,016	9,292
Loss on disposal of property, plant and equipment	-	15
Property, plant and equipment written off (Note 11)	3,689	428
Impairment of property, plant and equipment (Note 11)	21,381	5,399
Impairment of intangible assets (Note 18)	4,685	-
Impairment on prepaid rental (Note 16)	-	2,771
Inventory shrinkages (Note 21)	1,588	624
Inventory written down (Note 21)	2,130	-
Provision for onerous contract (Note 25)	1,003	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

9. Income tax expense

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2017 and 2016 are as follows:

	Group	
	2017	2016
	SGD'000	SGD'000
Consolidated income statement:		
Current income tax		
- Current income taxation	5,998	6,671
- Under provision in respect of previous years	668	905
- Withholding taxes	155	276
	<u>6,821</u>	<u>7,852</u>
Deferred income tax (Note 15)		
- Origination and reversal of temporary differences	(363)	(3,959)
- Under provision in respect of previous years	512	687
- Reversal of deferred tax in respect of previous years' tax losses and other temporary differences	7,278	1,745
	<u>7,427</u>	<u>(1,527)</u>
Income tax expense recognised in profit or loss	<u>14,248</u>	<u>6,325</u>
Statement of comprehensive income:		
Deferred tax income related to other comprehensive income:		
- Re-measurement of defined benefit plan	(121)	(23)

During the financial year, the Group performed an assessment of the amount of sufficient taxable profit that would be available in future years, against which the deferred tax assets can be utilised. As a result of this review, the Group reversed deferred tax assets of SGD7,278,000 (2016: SGD1,745,000) that were previously recognised.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

9. Income tax expense (cont'd)

(b) Relationship between income tax expense and accounting (loss)/profit

Reconciliation between income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rates for the years ended 30 June 2017 and 2016 is as follows:

	Group	
	2017	2016
	SGD'000	SGD'000
(Loss)/profit before tax	(46,986)	34,920
Tax at the domestic tax rates applicable to (loss)/profit in the countries where the Group operates	(10,356)	7,348
Adjustments:		
- Non-deductible expenses	8,737	2,495
- Income not subject to taxation	(595)	(9,893)
- Deferred tax assets not recognised	7,849	2,762
- Under provision in respect of previous years:		
- Current tax	668	905
- Deferred tax	512	687
- Reversal of deferred tax in respect of previous years' tax losses and other temporary differences	7,278	1,745
- Withholding taxes	155	276
Income tax expense recognised in profit or loss	14,248	6,325

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

	2017	2016
	%	%
Malaysia	24	24
Vietnam	20	20
Indonesia	25	25
Myanmar	25	25
Cambodia	20	20
Singapore	17	17
British Virgin Islands	Nil	Nil

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

10. (Loss)/earnings per share

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

The following table reflects the (loss)/profit and share data used in the computation of basic earnings per share for the years ended 30 June:

	Group	
	2017	2016
(Loss)/profit for the year attributable to owners of the Company (SGD'000)	(58,218)	30,177
Weighted average number of ordinary shares for basic earnings per share computation* ('000)	673,800	676,278

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transactions during the year.

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial years ended 30 June 2017 and 2016 are the same.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

11. Property, plant and equipment

	Renovation	Land	Buildings	Furniture and equipment	Motor vehicles	Capital work-in- progress	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
2017							
Group							
Cost							
At 1 July 2016	127,375	3,423	19,320	78,154	1,257	21,604	251,133
Additions	30,242	–	3,336	19,210	190	2,417	55,395
Disposals	(1,148)	–	–	(840)	(71)	–	(2,059)
Reclassification	7,819	–	7,602	1,931	–	(17,352)	–
Written off	(4,241)	–	–	(1,940)	(26)	(1)	(6,208)
Exchange differences	(3,661)	34	100	(3,115)	(17)	(333)	(6,992)
At 30 June 2017	156,386	3,457	30,358	93,400	1,333	6,335	291,269
Accumulated depreciation and impairment loss							
At 1 July 2016	56,540	–	7,014	41,060	876	–	105,490
Depreciation for the year (Note 8)	16,111	–	955	10,229	79	–	27,374
Impairment loss (Note 8)	13,217	–	–	4,332	–	3,832	21,381
Disposals	(1,137)	–	–	(790)	(72)	–	(1,999)
Reclassification	1,901	–	(1,902)	1	–	–	–
Written off	(1,238)	–	–	(1,255)	(26)	–	(2,519)
Exchange differences	(2,090)	–	21	(1,791)	(18)	(43)	(3,921)
At 30 June 2017	83,304	–	6,088	51,786	839	3,789	145,806
Net carrying amount	73,082	3,457	24,270	41,614	494	2,546	145,463

Additions to renovation during the year include provision for restoration costs of SGD8,614,000 (2016: SGD2,950,000) (Note 25).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

	Renovation	Land	Buildings	Furniture and equipment	Motor vehicles	Capital work-in- progress	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
2016							
Group							
Cost							
At 1 July 2015	93,324	3,383	19,561	64,402	1,356	11,793	193,819
Additions	40,302	–	244	21,229	163	17,488	79,426
Disposals	(67)	–	–	(209)	(219)	–	(495)
Reclassification	4,956	–	–	2,313	–	(7,269)	–
Written off	(8,085)	–	–	(6,274)	–	–	(14,359)
Exchange differences	(3,055)	40	(485)	(3,307)	(43)	(408)	(7,258)
At 30 June 2016	127,375	3,423	19,320	78,154	1,257	21,604	251,133
Accumulated depreciation and impairment loss							
At 1 July 2015	50,089	–	5,949	39,979	1,024	–	97,041
Depreciation for the year (Note 8)	12,642	–	821	8,228	113	–	21,804
Impairment loss (Note 8)	5,071	–	–	328	–	–	5,399
Disposals	(63)	–	–	(165)	(219)	–	(447)
Reclassification	(1,181)	–	413	768	–	–	–
Written off	(7,929)	–	–	(6,002)	–	–	(13,931)
Exchange differences	(2,089)	–	(169)	(2,076)	(42)	–	(4,376)
At 30 June 2016	56,540	–	7,014	41,060	876	–	105,490
Net carrying amount	70,835	3,423	12,306	37,094	381	21,604	145,643

Land

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

Capital work-in-progress

Capital work-in-progress includes ongoing renovation for department stores and expenditures for an office building in the course of construction. These capital work-in-progress will be transferred to appropriate categories of property, plant and equipment when they are ready for their intended use.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

Impairment of assets

During the financial year, the Group undertook a comprehensive review to assess the viability of underperforming stores and ventures. As a result of the review, the Group recorded impairment charges on the property, plant and equipment of its underperforming stores of SGD21,381,000, comprising SGD8,673,000 from Malaysia, SGD371,000 from Vietnam, and SGD4,619,000 from Indonesia. Additionally, the Group impaired property, plant and equipment in relation to its edutainment venture in Malaysia of SGD4,346,000, as well as its planned store in Cambodia of SGD3,372,000.

12. Land use right

	Group	
	2017	2016
	SGD'000	SGD'000
Cost		
At 1 July	8,888	9,114
Exchange differences	46	(226)
At 30 June	8,934	8,888
Accumulated amortisation		
At 1 July	997	887
Amortisation for the year (Note 8)	136	135
Exchange differences	3	(25)
At 30 June	1,136	997
Net carrying amount	7,798	7,891
Amount to be amortised:		
- Not later than one year	136	135
- Later than one year but not later than five years	544	539
- Later than five years	7,118	7,217
	7,798	7,891

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 58 years and 6 months (2016: 59 years and 6 months).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

13. Investments in subsidiaries

	Company	
	2017 SGD'000	2016 SGD'000
Shares, at cost	198,540	164,950
Impairment loss	(33,442)	(2,205)
Exchange difference	(33,707)	(27,726)
	131,391	135,019

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Principal place of business	Proportion of ownership interest	
			2017	2016
			%	%
Held by the Company				
Parkson Corporation Sdn Bhd ^(b)	Operation of department stores and supermarkets	Malaysia	100	100
Centro Retail Pte Ltd ^(a)	Investment holding	Singapore	100	100
PT. Tozy Sentosa ^{(b)(1)}	Operation of department stores, supermarkets and merchandising	Indonesia	100 ^(*)	100 ^(*)
Parkson Myanmar Co Pte Ltd ^(a)	Investment holding	Singapore	100	100
Parkson Yangon Co Ltd ^{(b)(2)}	Operation of department stores	Myanmar	100 ^(**)	—

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

13. Investments in subsidiaries (cont'd)

Name of company	Principal activities	Principal place of business	Proportion of ownership interest	
			2017 %	2016 %
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd ^(b)	Retailing and operation of a modern shopping centre	Vietnam	100	100
Parkson Haiphong Co Ltd ^(b)	Upgrade and leasing of retail space for establishment of a modern department store	Vietnam	100	100
Kiara Innovasi Sdn Bhd ^(b)	Operation of department stores	Malaysia	60	60
Parkson Online Sdn Bhd ^(c)	Dormant	Malaysia	100	100
Parkson Cambodia Holdings Co Ltd ^(b)	Investment holding	British Virgin Islands	100	100
Parkson SGN Co Ltd ^(b)	Retailing and operation of modern shopping centres	Vietnam	100	100
Parkson Edutainment World Sdn Bhd ^(b)	Operating theme park, related food & beverage and merchandising, education centres and nursery centres	Malaysia	70	70
Parkson Lifestyle Sdn Bhd ^(b)	Trading of apparels and consumer products	Malaysia	100	100
Super Gem Resources Sdn Bhd ^(b)	Trading of apparels and consumer products	Malaysia	70	70
Parkson Unlimited Beauty Sdn Bhd ^(b)	Distribution and sales of fragrance and beauty care products	Malaysia	100	100
Parkson Private Label Sdn Bhd (f.k.a. Max Outlet Sdn Bhd) ^{(b)(3)}	Trading of apparels and consumer products	Malaysia	100	100

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

13. Investments in subsidiaries (cont'd)

Name of company	Principal activities	Principal place of business	Proportion of ownership interest	
			2017 %	2016 %
Held by Parkson Corporation Sdn Bhd (cont'd)				
Solid Gatelink Sdn Bhd ^(b)	Operation of food and beverage business	Malaysia	100	100
Parkson Trend Sdn Bhd ^(b)	Trading of apparels and consumer products	Malaysia	100	100
Parkson Trading (Vietnam) Co Ltd ^(b)	Wholesaler of apparels and consumer products	Vietnam	100	100
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd ^(b)	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Vietnam	100	100
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd ^(b)	Dormant	Cambodia	100	100
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd ^(a)	Investment holding	Singapore	70	70
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd ^(a)	Investment holding	Singapore	100	100
Myanmar Parkson Company Limited ^(b)	Retailing and operation of a modern shopping centre	Myanmar	100 ^(***)	100 ^(***)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

13. Investments in subsidiaries (cont'd)

- (a) Audited by Ernst & Young LLP, Singapore
- (b) Audited by member firms of Ernst & Young Global in their respective countries
- (c) Not material to the Group and not required to be disclosed under SGX Listing Rule 717
- (*) 0.02% (2016: 10%) held via Centro Retail Pte Ltd
- (**) 10% (2016: nil%) held via Parkson Myanmar Co Pte Ltd
- (***) 10% (2016: 10%) held via Parkson Myanmar Asia Pte Ltd

Additional investments in subsidiaries

- (1) In April 2017, PT Tozy Sentosa ("PTTS"), a wholly-owned subsidiary of the Group, increased its authorised and paid-up share capital to 353,558,500,000 ordinary shares of IDR1 each, for which the Company has subscribed for an additional 303,558,500,000 new ordinary shares of IDR1 each through conversion of its loan principal amount due from PTTS of IDR303,558,500,000 (SGD32,313,000) (Note 17). Following the subscription, the Company has increased its investment from 45,000,000,000 shares to 348,558,500,000 shares in PTTS.
- (2) In March 2017, the Group incorporated Parkson Yangon Co Ltd and contributed USD1,000,000 (SGD1,277,000) of its paid-up issued share capital, in cash.
- (3) In March 2017, Parkson Private Label Sdn Bhd, a wholly-owned subsidiary of Parkson Corporation Sdn Bhd ("PCSB"), increased its authorised and paid-up share capital to 3,000,000 ordinary shares of RM1 each. PCSB fully subscribed for the additional shares for cash of RM2,999,998 (SGD962,000) and increased its investment from 2 shares to 3,000,000 shares in the company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

13. Investments in subsidiaries (cont'd)

Partial disposal of a subsidiary which results in loss of control and classified as associate in 2016

In June 2015, Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary, entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of its 31% interest in the charter capital of Parkson Hanoi Co Ltd ("Parkson Hanoi") for a cash consideration of USD5,000 (SGD7,000). The capital assignment transaction was completed on 17 August 2015, on which date the Group lost control of Parkson Hanoi. The Group's remaining interest in Parkson Hanoi of 45% was remeasured at its fair value and accounted for as an associate using the equity method of accounting. Details of investment in the associate are disclosed in Note 14.

The value of assets and liabilities of Parkson Hanoi recorded in the consolidated financial statements as at 17 August 2015, and the effects of the disposal are as follows:

	2016 SGD'000
Property, plant and equipment	389
Prepayments	575
Intangible assets	15
Inventories	902
Trade and other receivables	2,322
Tax recoverable	168
Cash and short-term deposits	520
	<u>4,891</u>
Trade and other payables	(14,536)
Other liabilities	(5,261)
Provision for contingent expenses in relation to closure of a store	(64,729)
Deferred tax liabilities	(79)
Carrying value of net liabilities	<u>(79,714)</u>
Cash consideration	7
Cash and cash equivalents of Parkson Hanoi	(520)
Net cash outflow on disposal of Parkson Hanoi	<u>(513)</u>

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

13. Investments in subsidiaries (cont'd)

Partial disposal of a subsidiary which results in loss of control and classified as associate in 2016 (cont'd)

Gain on disposal:

	2016 SGD'000
Cash received	7
Net liabilities de-recognised	79,714
Non-controlling interest de-recognised	(19,471)
Impairment on advances to Parkson Hanoi prior to loss of control	(10,969)
Reversal of bargain purchase arising from initial acquisition of Parkson Hanoi	453
Cumulative exchange differences in respect of the net liabilities of Parkson Hanoi reclassified from equity on loss of control	(2,937)
Gain on disposal	<u>46,797</u>

Impairment

During the financial year, the Company carried out a review on the recoverable amount of its loss-making subsidiaries. An impairment loss of SGD31,237,000 (2016: SGD2,205,000) was recognised in profit or loss for the financial year ended 30 June 2017.

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

The Group has the following subsidiaries that have material NCI as at 30 June:

Name of company	Principal place of business	Proportion of ownership interest held by NCI %	(Profit)/loss allocated to NCI during the year SGD'000	Accumulated NCI at 30 June SGD'000
30 June 2017				
Kiara Innovasi Sdn Bhd	Malaysia	40	(232)	75
Parkson Edutainment World Sdn Bhd	Malaysia	30	2,328	(2,697)
Super Gem Resources Sdn Bhd	Malaysia	30	812	(911)
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	30	108	(25)
30 June 2016				
Kiara Innovasi Sdn Bhd	Malaysia	40	248	(160)
Parkson Edutainment World Sdn Bhd	Malaysia	30	501	(418)
Super Gem Resources Sdn Bhd	Malaysia	30	215	(114)
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	30	521	95

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

13. Investments in subsidiaries (cont'd)

Summarised financial information of subsidiaries with material NCI

Summarised financial information including goodwill on acquisition but before intercompany eliminations of subsidiaries with material NCI are as follows:

	Kiara Innovasi Sdn Bhd		Parkson Edutainment World Sdn Bhd		Super Gem Resource Sdn Bhd		Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	
	2017	2016	2017	2016	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Balance sheets								
Current								
Assets	826	1,002	119	400	4,982	4,869	1,056	1,336
Liabilities	(754)	(941)	(9,109)	(6,718)	(11,866)	(7,440)	(1,140)	(1,364)
	72	61	(8,990)	(6,318)	(6,884)	(2,571)	(84)	(28)
Non-current								
Assets	115	650	–	5,938	4,190	2,191	–	526
Liabilities	–	(1,111)	–	(1,013)	(343)	–	–	(180)
	115	(461)	–	4,925	3,847	2,191	–	346
Net assets/ (liabilities)	187	(400)	(8,990)	(1,393)	(3,037)	(380)	(84)	318
Statement of comprehensive income								
Revenue	3,010	3,115	347	37	9,750	3,239	859	1,804
Profit/(loss) after tax	580	(621)	(7,760)	(1,671)	(2,707)	(716)	(361)	(1,737)
Other comprehensive income	–	(15)	–	(29)	–	4	–	(24)
Total comprehensive income	580	(636)	(7,760)	(1,700)	(2,707)	(712)	(361)	(1,761)
Other information								
Net cash flows from operating activities	18	83	(1,744)	(635)	1,450	(732)	(115)	(404)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

14. Investment in an associate

	Group	
	2017 SGD'000	2016 SGD'000
Shares, at cost	–	–
Share of post-acquisition reserves	–	–
	–	–

Details of the associate are as follows:

Name of company	Principal activities	Principal place of business	Ownership interest	
			2017	2016
			%	%
Held by Parkson Vietnam Co Ltd:				
Parkson Hanoi Co Ltd ^{(a)(b)}	Retailing and operation of modern shopping centres	Vietnam	45	45

^(a) Audited by Ernst & Young, Vietnam

^(b) Parkson Hanoi Co Ltd is inactive as of 30 June 2017.

Acquisition of an associate in 2016

As disclosed in Note 13, the Group lost control of Parkson Hanoi Co Ltd (“Parkson Hanoi”) following the disposal of its 31% interest in the charter capital of Parkson Hanoi to Mr. Hoang Manh Cuong on 17 August 2015. The Group’s remaining interest in Parkson Hanoi of 45% was remeasured at its fair value and was accounted for as an associate using the equity method of accounting.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

14. Investment in an associate (cont'd)

Summarised financial information of the associate

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

	Parkson Hanoi Co Ltd	
	2017	2016
	SGD'000	SGD'000
Balance sheet		
Current assets	439	1,765
Non-current assets	–	2,286
Total assets	439	4,051
Current liabilities	(16,010)	(81,409)
Non-current liabilities	–	(631)
Total liabilities	(16,010)	(82,040)
Net liabilities, representing deficit in equity	(15,571)	(77,989)
Proportion of the Group's ownership	45%	45%
Group's share of net liabilities	(7,007)	(35,095)
Group's share of net liabilities not recognised	7,007	35,095
Group's carrying amount of the investment	–	–
Statement of comprehensive income		
Revenue	1,590	4,705
Profit/(loss) after tax before write back of provision	188	(2,404)
Write back of provision (see note below)	62,882	–
Profit/(loss) after tax, representing total comprehensive income for the year	63,070	(2,404)
Proportion of the Group's ownership	45%	45%
Group's share of current year's unrecognised profit/(loss), post acquisition	85	(911)
Group's cumulative share of unrecognised losses, post acquisition	(826)	(911)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

14. Investment in an associate (cont'd)

Summarised financial information of the associate (cont'd)

	<u>2017</u>
	<u>SGD'000</u>
<u>Reconciliation of net liabilities</u>	
Net liabilities as at 1 July 2016	(77,989)
Profit after tax, representing total comprehensive income for the year	63,070
Exchange differences	(652)
Net liabilities as at 30 June 2017	<u>(15,571)</u>

As at the date of acquisition on 17 August 2015, and as of 30 June 2016, Parkson Hanoi had included in its financial statements; liabilities relating to a provision for the early-termination of a lease at Landmark 72, Hanoi. This provision was made during the financial year ended 30 June 2015. During the current financial year, Parkson Hanoi had entered into a settlement agreement with the landlord of Landmark 72, for which the landlord had agreed that Parkson Hanoi need only to repay all of its outstanding lease expenses. Consequently, the associate has written back the excess provision for the lease termination of SGD62,882,000 to profit or loss during the financial year. Upon acquisition of the associate, the Group did not record its proportionate share of the associate's net liabilities, hence the Group did not share the write back of the abovementioned provision as this relates to the pre-acquisition period.

The Group's investment in the associate was fully written off in 2016. As the Group has no further exposure and obligation to the associate's losses, the Group did not recognise its share of the associate's results for the year ended 30 June 2017. The Group's cumulative share of unrecognised losses at the end of the reporting period was SGD826,000 (2016: SGD911,000).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

15. Deferred tax assets/(liabilities)

Group	Deferred tax assets				Deferred tax liabilities				Deferred tax, total SGD'000
	Difference in depreciation for tax purposes	Provisions	Unutilised tax losses	Deferred tax assets, total	Difference in depreciation for tax purposes	Unremitted foreign earnings	Others	Deferred tax liabilities, total	
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	
At 30 June 2015	627	6,542	3,881	11,050	(3,687)	–	(132)	(3,819)	7,231
Recognised in profit or loss	945	1,537	(122)	2,360	(486)	(394)	47	(833)	1,527
Recognised in other comprehensive income	–	23	–	23	–	–	–	–	23
Exchange differences	12	(312)	15	(285)	205	–	1	206	(79)
At 30 June 2016	1,584	7,790	3,774	13,148	(3,968)	(394)	(84)	(4,446)	8,702
Recognised in profit or loss	(1,626)	(1,816)	(3,873)	(7,315)	(143)	(55)	86	(112)	(7,427)
Recognised in other comprehensive income	–	121	–	121	–	–	–	–	121
Exchange differences	42	(208)	99	(67)	181	19	(2)	198	131
At 30 June 2017	–	5,887	–	5,887	(3,930)	(430)	–	(4,360)	1,527

Unremitted foreign earnings, representing total deferred tax liabilities
SGD'000

Company

At 30 June 2015

Recognised in profit or loss

–
(394)

At 30 June 2016

Recognised in profit or loss

(394)
(55)

Exchange difference

19

At 30 June 2017

(430)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

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

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Presented after appropriate offsetting as follows:				
Deferred tax assets	1,957	9,096	–	–
Deferred tax liabilities	(430)	(394)	(430)	(394)
	1,527	8,702	(430)	(394)

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD53,374,000 (2016: SGD35,414,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate. The tax losses have no expiry date except for an amount of SGD32,433,000 (2016: SGD27,087,000) which will expire in 2018-2022 (2016: 2017-2021).

Tax consequences of proposed dividend

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 28).

16. Prepayments

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Prepaid rental	3,379	3,771	–	–
Prepayment to suppliers	1,152	1,033	–	–
Others	490	226	13	13
	5,021	5,030	13	13
Non-current:				
Prepaid rental	1,974	5,581	–	–
Others	20	32	–	–
	1,994	5,613	–	–

Impairment

In 2016, an impairment loss of SGD2,771,000 was recognised in profit or loss in respect of prepaid rental of a planned store in Cambodia as there was no significant progress on the completion of the store.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

17. Trade and other receivables

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade receivables	3,473	3,337	–	–
Credit card receivables	1,258	1,663	–	–
Sales tax receivables	1,690	3,192	–	–
Other receivables	4,647	7,397	–	137
Rental deposits	3,133	2,821	–	–
Other deposits	1,154	1,289	–	–
Deferred lease expenses	714	686	–	–
Amount due from managed stores	–	199	–	–
Amount due from subsidiaries (non-trade)	–	–	16,847	23,018
Amount due from ultimate holding company (non-trade)	35	9	–	–
Amount due from related companies (non-trade)	410	84	–	–
Amount due from an associate	–	10	–	–
	16,514	20,687	16,847	23,155
Non-current:				
Rental deposits	15,319	9,864	–	–
Other deposits	76	1,852	–	–
Deferred lease expenses	6,743	12,223	–	–
Loans to subsidiaries (non-trade)	–	–	–	31,094
	22,138	23,939	–	31,094
Total trade and other receivables (current and non-current)	38,652	44,626	16,847	54,249
Add: Cash and short-term deposits (Note 22)	63,387	69,509	1,355	1,679
Less:				
Deferred lease expenses	(7,457)	(12,909)	–	–
Sales tax receivables	(1,690)	(3,192)	–	–
Total loans and receivables	92,892	98,034	18,202	55,928

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

17. Trade and other receivables (cont'd)

Trade receivables

Trade receivables are non-interest bearing and are generally on 10 to 30 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to SGD2,120,000 (2016: SGD2,806,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2017	2016
	SGD'000	SGD'000
Less than 30 days	651	597
30 to 60 days	422	856
61 to 90 days	264	408
More than 90 days	783	945
	2,120	2,806

Trade and other receivables that are impaired

Trade and other receivables of the Group and Company that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
<u>Current</u>				
Trade receivables - nominal amounts	419	346	–	–
Less: Allowance for impairment	(419)	(346)	–	–
	–	–	–	–
Other receivables - nominal amounts	801	13	–	–
Less: Allowance for impairment	(801)	(13)	–	–
	–	–	–	–
Other deposits - nominal amounts	11,240	11,247	–	–
Less: Allowance for impairment	(11,240)	(11,247)	–	–
	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

17. Trade and other receivables (cont'd)

Trade and other receivables that are impaired (cont'd)

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Amount due from managed stores - nominal amounts	4,271	2,930	–	–
Less: Allowance for impairment	(4,271)	(2,930)	–	–
	–	–	–	–
Amount due from an associate - nominal amounts	4,920	3,474	80	80
Less: Allowance for impairment	(4,920)	(3,474)	(80)	(80)
	–	–	–	–
Amount due from subsidiaries - nominal amounts	–	–	11,430	7,764
Less: Allowance for impairment	–	–	(6,468)	(1,702)
	–	–	4,962	6,062
<u>Non-current</u>				
Rental deposits - nominal amounts	3,696	539	–	–
Less: Allowance for impairment	(3,696)	(491)	–	–
	–	48	–	–
Loan to subsidiaries - nominal amounts	–	–	183	–
Less: Allowance for impairment	–	–	(183)	–
	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

17. Trade and other receivables (cont'd)

Trade and other receivables that are impaired (cont'd)

Movement in allowance accounts:

	Trade receivables	Other receivables	Amount due from managed stores	Amount due from an associate	Rental deposits	Other deposits	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Group							
At 1 July 2015	330	22	–	–	–	9,258	9,610
Charge for year (Note 8)	24	(10)	2,972	3,525	498	2,283	9,292
Exchange differences	(8)	1	(42)	(51)	(7)	(294)	(401)
At 30 June 2016	346	13	2,930	3,474	491	11,247	18,501
Charge for year (Note 8)	63	809	1,358	1,555	3,231	–	7,016
Exchange differences	10	(21)	(17)	(109)	(26)	(7)	(170)
At 30 June 2017	419	801	4,271	4,920	3,696	11,240	25,347

	Due from an associate (current)	Due from subsidiaries (current)	Loan to subsidiaries (non-current)	Total
	SGD'000	SGD'000	SGD'000	SGD'000
Company				
At 1 July 2015	–	–	–	–
Charge for the year	80	1,692	–	1,772
Exchange differences	–	10	–	10
At 30 June 2016	80	1,702	–	1,782
Charge for the year	–	4,908	186	5,094
Exchange differences	–	(142)	(3)	(145)
At 30 June 2017	80	6,468	183	6,731

Trade and other receivables that are individually determined to be impaired at the end of the reporting period relate to debtors that are in significant financial difficulties. These receivables are not secured by any collateral or credit enhancements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

17. Trade and other receivables (cont'd)

Credit card receivables

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

Other receivables

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

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 22 years (2016: 1 to 22 years). Rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

During the financial year, the Group carried out a review on the recoverable amount of its rental deposits. An impairment loss of SGD3,231,000 (2016:SGD498,000) was recognised in profit or loss in respect of rental deposit of a planned store in Cambodia for the financial year ended 30 June 2017.

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2017 SGD'000	2016 SGD'000
United States Dollar	3,076	2,510

Other deposits (current)

Included in other deposits is an amount of SGD10,406,000 (2016: SGD10,353,000) paid by Parkson Vietnam Co Ltd to the individual owners of two Vietnamese companies as well as to one of these Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies ("managed stores"). These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

These deposits have been fully impaired in the previous year. An impairment loss of SGD2,283,000 had been recognised in profit or loss in 2016.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

17. Trade and other receivables (cont'd)

Amount due from managed stores

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

During the financial year, the Group carried out a review on the recoverable amount of these balances. An impairment loss of SGD1,358,000 (2016: SGD2,972,000) was recognised in profit or loss for the financial year ended 30 June 2017.

Deferred lease expenses (current and non-current)

Deferred lease expenses relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 1 to 22 years (2016: 1 to 22 years). The amortisation of deferred lease expense amounted to SGD1,707,000 (2016: SGD999,000) for the year (Note 8).

Amounts due from ultimate holding company / related companies / subsidiaries / associate

These balances are unsecured, non-interest bearing, repayable upon demand and are to be settled in cash. Related companies refer to companies within the Parkson Holdings Berhad Group.

During the financial year, the Group carried out a review on the recoverable amount of balance due from its loss-making associate. An impairment loss of SGD1,555,000 (2016: SGD3,525,000) was recognised in profit or loss for the financial year ended 30 June 2017.

Similarly, the Company reviewed the recoverable amount of balances due from its loss-making associate and subsidiaries, and recognised impairment losses of SGD Nil (2016: SGD80,000) and SGD5,094,000 (2016: SGD1,692,000) in profit or loss respectively for the financial year ended 30 June 2017.

Loans to subsidiaries

	Company	
	2017 SGD'000	2016 SGD'000
Non-interest bearing loan	183	31
Interest bearing loan	–	31,063
Allowance for doubtful debts	(183)	–
At 30 June	–	31,094

These balances are unsecured, repayable upon demand and are to be settled in cash. The settlement of loans to subsidiaries is not likely to occur in the foreseeable future. In 2016, the interest bearing loan to a subsidiary bore interest at 10.38% per annum. During the year, the loan with a carrying amount of SGD32,313,000 (after exchange differences) was converted to an investment in the subsidiary (Note 13).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

18. Intangible assets

	Customer relationships SGD'000	Goodwill SGD'000	Club memberships SGD'000	Software SGD'000	Licensing fee SGD'000	Total SGD'000
Group						
Cost						
At 1 July 2015	1,125	4,151	91	1,877	–	7,244
Additions	–	–	–	239	505	744
Exchange differences	13	48	(6)	(37)	–	18
At 30 June 2016 and 1 July 2016	1,138	4,199	85	2,079	505	8,006
Additions	–	–	–	320	274	594
Exchange differences	12	43	(4)	(21)	(26)	4
At 30 June 2017	1,150	4,242	81	2,378	753	8,604
Accumulated amortisation and impairment loss						
At 1 July 2015	900	–	23	971	–	1,894
Amortisation for the year (Note 8)	226	–	–	254	104	584
Exchange differences	12	–	(2)	(34)	1	(23)
At 30 June 2016 and 1 July 2016	1,138	–	21	1,191	105	2,455
Amortisation for the year (Note 8)	–	–	–	309	130	439
Impairment for the year (Note 8)	–	4,309	–	96	280	4,685
Exchange differences	12	(67)	(1)	(28)	(12)	(96)
At 30 June 2017	1,150	4,242	20	1,568	503	7,483
Net carrying amount						
At 30 June 2016	–	4,199	64	888	400	5,551
At 30 June 2017	–	–	61	810	250	1,121

Licensing fee

Licensing fee relates to payment in respect of the Group's exclusive right to develop and operate the following businesses:

- Bakery stores using the Hogan trademark and technique in Malaysia with an average remaining amortisation period of 8 years (2016: 9 years).
- Theme park and nursery using "Little Kingdom", "Royale Unicorn" and "Talking Tom" trademarks in Malaysia with an average remaining amortisation period of 3 years (2016: 4 years).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

18. Intangible assets (cont'd)

Impairment testing of goodwill

Intangibles acquired through business combinations have been allocated to the cash-generating unit ("CGU") which is also the reportable geographical segment in Indonesia as described in Note 31. The operations in the Indonesia geographical segment are managed by one of the Company's subsidiary, PT Tozy Sentosa. The recoverable amount of the CGU has been determined based on value-in-use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 17% (2016: 17.5%) and 3% (2016: 1%) respectively. Arising from the review, an impairment loss of SGD4,309,000 (2016: Nil) was recognised in profit or loss for the financial year ended 30 June 2017.

The calculations of value in use for the CGUs are most sensitive to the following assumptions:

Budgeted gross margins – Gross margins are based on past performances and the expectation of market developments.

Growth rates – The forecasted growth rates are based on published industry research and do not exceed the long-term average growth rate for the industry relevant to the CGU.

Pre-tax discount rates – Discount rates represent the current market assessment of the risks specific to the CGU, regarding the time value of money and individual risks of the underlying assets which have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and derived from its weighted average cost of capital ("WACC"). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Market share assumptions – These assumptions are important because, besides using industry data for growth rates (as noted above), management assesses how the CGU's position, relative to its competitors, might change over the budget period. Management expects the Group's share of the Indonesia's retail market to be growing over the budget period.

Impairment of other intangible assets

The impairment loss on software and licensing fees of SGD376,000 (2016: Nil) was recognised on a subsidiary that incurred significant losses during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

19. Derivatives

	Group	
	2017	2016
	SGD'000	SGD'000
Option to purchase additional shares in Kiara Innovasi, representing total financial assets at fair value through profit or loss	17	18

This relates to an irrevocable option granted to Parkson Corporation Sdn Bhd ("PCSB") by Galaxy Point Sdn Bhd to purchase the remaining 40% paid-up share capital of Kiara Innovasi from the non-controlling shareholder at the net tangible assets value of Kiara Innovasi.

20. Investment securities

	Group	
	2017	2016
	SGD'000	SGD'000
Non-current:		
<i>Available-for-sale financial assets:</i>		
Equity instruments (unquoted), at cost	75	78

21. Inventories

	Group	
	2017	2016
	SGD'000	SGD'000
Balance sheet:		
Merchandise inventories	71,322	76,933
Consumables	13	13
	71,335	76,946
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	164,640	144,238
Inclusive of the following charge:		
- Inventory shrinkages (Note 8)	1,588	624
- Inventories written down (Note 8)	2,130	-

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

22. Cash and short-term deposits

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Cash and bank balances	34,153	27,573	1,355	1,679
Short-term deposits placed with				
- licensed banks	11,591	15,002	–	–
- finance institutions	17,643	26,934	–	–
Cash and short-term deposits, representing cash and cash equivalents	63,387	69,509	1,355	1,679

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short-term deposit rates. The weighted average effective interest rate for the Group as at 30 June 2017 was 3.27% (2016: 3.47%) per annum.

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

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Singapore Dollar	283	804	283	804
United States Dollar	270	2,356	121	323

23. Trade and other payables

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade payables	160,610	139,379	–	–
Payables to suppliers of property, plant and equipment	3,270	4,579	–	–
Other payables	16,467	10,710	573	280
Sales tax payables	2,344	2,587	–	–
Rental deposits	825	1,138	–	–
Deferred lease income	211	143	–	–
Amount due to ultimate holding company (non-trade)	5	6	–	–
Amounts due to related companies (non-trade)	911	915	243	173
Amount due to an associate	1	41	–	–
Amount due to corporate shareholders	1,910	1,014	–	–
Amount due to subsidiary	–	–	27	–
	186,554	160,512	843	453

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

23. Trade and other payables (cont'd)

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Non-current:				
Rental deposits	4,355	3,957	–	–
Deferred lease income	123	1,487	–	–
Provision for severance allowance	108	118	–	–
Defined benefit plan	831	697	–	–
Other payables	683	–	–	–
	6,100	6,259	–	–
Total trade and other payables (current and non-current)	192,654	166,771	843	453
Add:				
Other liabilities (Note 24)	13,290	13,150	–	–
Less:				
Sales tax payables	(2,344)	(2,587)	–	–
Deferred lease income	(334)	(1,630)	–	–
Defined benefit plan	(831)	(697)	–	–
Provision for severance allowance	(108)	(118)	–	–
Total financial liabilities carried at amortised cost	202,327	174,889	843	453

Trade payables

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

Other payables

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

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

	Group and Company	
	2017	2016
	SGD'000	SGD'000
Singapore Dollar	278	280

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

23. Trade and other payables (cont'd)

Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Non-current rental deposits have maturity ranging from 1 to 10 years (2016: 1 to 11 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

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

	Group	
	2017	2016
	SGD'000	SGD'000
United States Dollar	101	114

Deferred lease income (current and non-current)

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the remaining lease terms ranging from 1 to 10 years (2016: 1 to 11 years). The amortisation of deferred lease income amounted to SGD221,000 (2016: SGD288,000) for the year. During the year, there was a write back of deferred lease income of SGD1,072,000 (2016: Nil) due to a change in the term of the lease of a subsidiary. These amounts have been included as part of rental income.

Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No.13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2017 are as follows:

Annual discount rate:	8.00% (2016: 8.74%)
Future annual salary increment:	8.00% (2016: 8.00%)
Retirement age:	55 years of age (2016: 55 years of age)

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

	Group	
	2017	2016
	SGD'000	SGD'000
Current service cost	130	128
Interest cost on benefit obligations	59	44
Expected return on planned assets	(6)	(6)
Net benefit expense recognised in profit or loss	183	166

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

23. Trade and other payables (cont'd)

Defined benefit plan (cont'd)

The estimated liabilities for employee benefits are as follows:

	Group	
	2017	2016
	SGD'000	SGD'000
Defined benefit obligations	861	764
Fair value of planned assets	(30)	(67)
Liabilities as at 30 June	831	697

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

	Group	
	2017	2016
	SGD'000	SGD'000
Benefits obligations at 1 July	697	434
Recognised in profit or loss	183	166
Recognised in other comprehensive income	(53)	92
Exchange differences	4	5
Benefits obligations at 30 June	831	697

24. Other liabilities

	Group	
	2017	2016
	SGD'000	SGD'000
Current:		
Accrued operating expenses	7,137	9,170
Accrued staff costs	343	331
Accrued expenses for additions to property, plant and equipment	3,500	208
Others	2,310	3,441
Total accruals	13,290	13,150
Deferred revenue from gift vouchers	8,440	7,503
Deferred revenue from customer loyalty award	3,328	4,145
Accrued rent	1,737	1,654
	26,795	26,452
Non-current:		
Accrued rent	17,418	19,466
Total other liabilities (current and non-current)	44,213	45,918

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

24. Other liabilities (cont'd)

Deferred revenue from customer loyalty award

Deferred revenue from customer loyalty award represents consideration received from the sale of goods that is allocated to the points issued under the customer loyalty programme that are expected to be redeemed but are still outstanding as at the end of the reporting period. The movement in the deferred revenue is as follows:

	Group	
	2017	2016
	SGD'000	SGD'000
At 1 July	4,145	2,018
(Reversal)/additions during the year	(290)	4,986
Recognised in profit or loss	(419)	(2,821)
Exchange differences	(108)	(38)
At 30 June	3,328	4,145

25. Provisions

	Group	
	2017	2016
	SGD'000	SGD'000
Current:		
Provision for restoration costs	760	–
Provision for onerous contract	992	–
Others	23	–
	1,775	–
Non-current:		
Provision for restoration costs	10,859	3,021
Total provisions (current and non-current)	12,634	3,021

Provision for restoration costs (current and non-current)

	Group
	2017
	SGD'000
At 1 July	3,021
Arose during the year (Note 11)	8,614
Unwinding of discount (Note 5)	76
Exchange differences	(92)
At 30 June	11,619

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

25. Provisions (cont'd)

Provision for onerous contract

	Group
	2017
	SGD'000
At 1 July	–
Recognised in profit or loss (Note 8)	1,003
Exchange difference	(11)
At 30 June	<u>992</u>

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

26. Share capital and treasury shares

(a) Share capital

	Company			
	2017		2016	
	No. of shares		No. of shares	
	'000	SGD'000	'000	SGD'000
Issued and fully paid ordinary shares:				
At 1 July and 30 June	677,300	231,676	677,300	231,676

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

(b) Treasury shares

	Company			
	2017		2016	
	No. of shares		No. of shares	
	'000	SGD'000	'000	SGD'000
At 1 July	(3,500)	(549)	–	–
Acquired during the year	–	–	(3,500)	(549)
At 30 June	<u>(3,500)</u>	<u>(549)</u>	<u>(3,500)</u>	<u>(549)</u>

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

During 2016, the Company acquired 3,500,000 shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was SGD549,000 and this was presented as a component within shareholders' equity.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

27. Other reserves

	Note	Group		Company	
		2017 SGD'000	2016 SGD'000	2017 SGD'000	2016 SGD'000
Foreign currency translation reserve	(a)	(52,376)	(49,724)	(51,046)	(42,472)
Capital redemption reserve	(b)	1	1	–	–
Capital contribution from ultimate holding company	(c)	9,959	9,959	–	–
Merger reserve	(d)	(123,753)	(123,753)	–	–
		(166,169)	(163,517)	(51,046)	(42,472)

(a) *Foreign currency translation reserve*

Foreign currency translation reserve represents exchange differences arising from the translation of the financial statements of the Company and subsidiaries whose functional currencies are different from that of the Company and Group's presentation currency. The movement in the foreign currency translation reserve is as follows:

	Group		Company	
	2017 SGD'000	2016 SGD'000	2017 SGD'000	2016 SGD'000
At 1 July	(49,724)	(43,243)	(42,472)	(30,278)
Foreign currency translation difference	(2,652)	(5,588)	(8,574)	(12,194)
Partial disposal of a former subsidiary	–	(893)	–	–
At 30 June	(52,376)	(49,724)	(51,046)	(42,472)

(b) *Capital redemption reserve*

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

27. Other reserves (cont'd)

(c) *Capital contribution from ultimate holding company*

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

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 30 June 2017, no options under the Parkson Retail ESOS have been granted. Due to the adoption of the Parkson Retail ESOS, the options held by the eligible employees of the Group under the PHB ESOS were terminated on 31 May 2012 in accordance with the relevant Bylaw of the PHB ESOS which do not allow participation in other company's option scheme. Accordingly, the exercise period for the options under the PHB ESOS granted to the employees of the Group that were due to expire on 6 May 2013 were terminated on 31 May 2012.

(d) *Merger reserve*

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

28. Dividends

Declared and paid during the financial year:

Final exempt (one-tier) dividend for 2016: SGD0.005
(2015: SGD0.02) per ordinary share

Proposed and not recognised as a liability as at 30 June:

Dividend on ordinary shares, subject to shareholders' approval at the AGM:

- Final exempt (one-tier) dividend for 2017: Nil
(2016: SGD0.005) per ordinary share

Company	
2017	2016
SGD'000	SGD'000
3,369	13,546
-	3,369

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

29. Related party transactions

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

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

	Group	
	2017	2016
	SGD'000	SGD'000
Sale of gift vouchers to director related companies:		
- Amsteel Mills Marketing Sdn Bhd	–	2
- Amsteel Mills Sdn Bhd	1	–
- East Crest Limited	30	16
- Lion Group Management Services Sdn Bhd	10	70
- Megasteel Sdn Bhd	–	3
- Posim Petroleum Marketing Sdn Bhd	107	87
- Parkson Branding Sdn Bhd	–	10
- Valino International Apparel Sdn Bhd	–	4
	148	192
Purchase of goods and services from director related companies:		
- Secom (Malaysia) Sdn Bhd	442	465
- Posim Marketing Sdn Bhd	755	711
- Posim EMS Sdn Bhd	63	872
- Lion Trading & Marketing Sdn Bhd	–	3
- WatchMart (M) Sdn Bhd	157	91
- PT Monica Hijaulestari	3,194	4,159
- Bonuskad Loyalty Sdn Bhd	3,225	3,292
- Brands Pro Management Sdn Bhd	49	242
	7,885	9,835
Purchase of goods and services from a subsidiary of the ultimate holding company:		
- Park Avenue Fashion Sdn Bhd	8	3
- Parkson Branding Sdn Bhd	2,750	1,895
- Watatime (M) Sdn Bhd	103	1,203
- Parkson Fashion Sdn Bhd	288	227
- Valino International Apparel Sdn Bhd	1,874	2,471
- Daphne Malaysia Sdn Bhd	2	4
- Giftmate Sdn Bhd	2	66
	5,027	5,869

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

29. Related party transactions (cont'd)

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

	Group	
	2017	2016
	SGD'000	SGD'000
Purchase of property, plant and equipment from a director related company		
- Lion Steelwork Sdn Bhd	347	302
Sale of goods and services to a director related company:		
- Bonuskad Loyalty Sdn Bhd	3,973	4,333
Rental of office space from a director related company:		
- Visionwell Sdn Bhd	90	84
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya:		
- PT Tozy Bintang Sentosa	34	319
Rental of retail space to a subsidiary of the ultimate holding company:		
- Prestasi Serimas Sdn Bhd	463	597
Royalty expense to a subsidiary of the ultimate holding company:		
- Smart Spectrum Limited	185	190

(b) *Compensation of key management personnel*

	Group	
	2017	2016
	SGD'000	SGD'000
Short-term employee benefits	1,421	1,129
Contribution to defined contribution plans	62	62
	1,483	1,191
Comprise amounts paid to:		
Directors of the Company	313	389
Chief Executive of the Company	390	65
Other key management personnel	780	737
	1,483	1,191

No employee share options were granted to key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

30. Commitments

(a) *Capital commitments*

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

	Group	
	2017	2016
	SGD'000	SGD'000
Capital commitments in respect of property, plant and equipment	12,796	51,828

(b) *Operating lease commitments – as lessee*

In addition to the land use right disclosed in Note 12, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 22 years (2016: 1 and 22 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

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

Minimum lease payments, contingent rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial years ended 30 June 2017 and 2016 are disclosed in Note 8.

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

	Group	
	2017	2016
	SGD'000	SGD'000
Not later than one year	87,840	84,825
Later than one year and not later than five years	162,273	167,962
Later than five years	121,985	302,417
	372,098	555,204

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

30. Commitments (cont'd)

(c) *Operating lease commitments – as lessor*

The Group has entered into commercial subleases on its department stores. These non-cancellable subleases have remaining lease terms of between 1 and 10 years (2016: 1 and 11 years) with terms of renewal included in the contracts.

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

	Group	
	2017 SGD'000	2016 SGD'000
Not later than one year	8,322	6,788
Later than one year and not later than five years	8,055	3,449
Later than five years	8,976	2,818
	<u>25,353</u>	<u>13,055</u>

31. Segment information

The Group has one single operating segment - the operation and management of retail stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has five reportable segments as follows:

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

31. Segment information (cont'd)

	Malaysia SGD'000	Vietnam SGD'000	Indonesia SGD'000	Myanmar SGD'000	Cambodia SGD'000	Adjustments and eliminations SGD'000	Note	Total SGD'000
2017								
Revenue:								
Sales to external customers	313,257	31,481	66,621	1,375	–	1,150		412,734
Segment results:								
Depreciation and amortisation expenses	(18,533)	(2,324)	(5,443)	(313)	–	(1,336)		(27,949)
Allowance for doubtful trade and other receivables								
- Amount due from managed stores	–	(1,358)	–	–	–	–		(1,358)
- Amount due from an associate	–	(1,555)	–	–	–	–		(1,555)
- Rental deposits	–	–	–	–	(3,231)	–		(3,231)
Rental expenses	(69,829)	(16,198)	(26,236)	(888)	–	(1,287)		(114,438)
Impairment of property, plant and equipment	(8,673)	(371)	(4,619)	–	(3,372)	(4,346)		(21,381)
Impairment of intangible assets	–	–	(4,309)	–	–	(376)		(4,685)
Finance income	1,819	592	365	(9)	10	14		2,791
Finance costs	(262)	(53)	(76)	–	–	–		(391)
Income tax expense	(6,057)	(1,670)	(6,306)	–	–	(215)		(14,248)
Segment loss	(13,173)	(5,712)	(24,090)	(468)	(7,202)	(10,589)	A	(61,234)
Assets:								
Additions to non-current assets	37,622	371	10,060	1,398	1,799	4,739	B	55,989
Segment assets	213,612	40,479	71,260	5,787	1,905	8,776	C	340,315
Segment liabilities	176,359	17,096	45,739	2,615	2,309	5,897	D	250,015

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

31. Segment information (cont'd)

	Malaysia SGD'000	Vietnam SGD'000	Indonesia SGD'000	Myanmar SGD'000	Cambodia SGD'000	Adjustments and eliminations SGD'000	Note	Total SGD'000
2016								
Revenue:								
Sales to external customers	291,190	34,642	60,744	1,804	–	37		388,417
Segment results:								
Depreciation and amortisation expenses	(13,742)	(2,465)	(5,096)	(974)	–	(246)		(22,523)
Allowance for doubtful trade and other receivables:								
- Deposits to managed stores	–	(2,283)	–	–	–	–		(2,283)
- Amount due from managed stores	–	(2,972)	–	–	–	–		(2,972)
- Amount due from an associate	–	(3,525)	–	–	–	–		(3,525)
- Rental deposits	–	–	–	–	(498)	–		(498)
- Prepaid rental	–	–	–	–	(2,771)	–		(2,771)
Rental expenses	(67,585)	(16,089)	(24,435)	(1,169)	–	(182)		(109,460)
Impairment of property, plant and equipment	1,858	–	3,541	–	–	–		5,399
Gain on partial disposal of a former subsidiary	–	46,797	–	–	–	–		46,797
Finance income	2,907	686	469	10	29	134		4,235
Finance costs	(85)	(173)	(71)	–	–	–		(329)
Income tax expense	(6,158)	(2,118)	2,622	–	–	(671)		(6,325)
Segment profit/(loss)	7,350	34,891	(5,353)	(1,734)	(3,290)	(3,269)	A	28,595
Assets:								
Additions to non-current assets	62,377	1,012	15,222	56	1,503	–	B	80,170
Segment assets	236,599	47,612	76,221	1,862	9,953	1,830	C	374,077
Segment liabilities	166,487	18,694	27,896	1,081	9	2,584	D	216,751

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

31. Segment information (cont'd)

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

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

	Group	
	2017	2016
	SGD'000	SGD'000
Corporate expenses	(695)	(1,598)
Net loss from theme park and education centre operations	(7,760)	(1,671)
Net loss from food and beverage operations	(2,134)	–
	(10,589)	(3,269)

- B Additions to non-current assets refer to additions to property, plant and equipment, land use rights and intangible assets.
- C Adjustment and eliminations assets are added to the segment assets to arrive at “total assets” reported in the consolidated balance sheet.
- D Adjustment and eliminations liabilities are added to the segment liabilities to arrive at “total liabilities” reported in the consolidated balance sheet.

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

	Group	
	2017	2016
	SGD'000	SGD'000
Malaysia	92,695	89,573
Vietnam	21,627	23,783
Indonesia	38,709	43,941
Myanmar	1,351	285
Cambodia	–	1,503
	154,382	159,085

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

32. Fair value of financial instruments

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's length transaction, other than in forced liquidation or sale.

(a) *Fair value of financial instruments that are carried at fair value*

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group	
	2017	2016
	SGD'000	SGD'000
	Significant unobservable inputs (Level 3)	
Derivatives (Note 19)	17	18

Determination of fair value

Derivatives: Fair value is determined using a valuation technique based on the probability of PCSB exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

32. Fair value of financial instruments (cont'd)

- (b) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are a reasonable approximation of fair value***

Current trade and other receivables (Note 17), Cash and short-term deposits (Note 22), Current trade and other payables (Note 23) and Current other liabilities (Note 24)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values due to their short term nature.

Non-current rental deposits receivables (Note 17) and Non-current rental deposits payables (Note 23)

The carrying amounts of these financial assets and liabilities are a reasonable approximation of fair values. The fair values of these financial assets and liabilities are calculated by discounting future cash flows at incremental market rates.

- (c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value***

The fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value are as follows:

	Group		Company	
	2017	2016	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Financial assets:				
<i>Non-current:</i>				
Loans to subsidiaries, at cost (Note 17):				
Carrying amount	–	–	–	31,094
Fair value	–	–	–	*
<i>Current:</i>				
Equity instruments (unquoted), at cost (Note 20):				
Carrying amount	75	78	–	–
Fair value	**	**	–	–

* *Loans to subsidiaries carried at cost*

Fair value information has not been disclosed for the Company's loans to subsidiaries that are carried at cost because fair value cannot be measured reliably. The fair value of these balances is not determinable as the timing of the future cash flows arising from the balances cannot be estimated reliably.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

32. Fair value of financial instruments (cont'd)

- (c) ***Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not a reasonable approximation of fair value (cont'd)***

****** *Investment in equity instruments carried at cost*

Fair value information has not been disclosed for the Group's investment in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in Lion Insurance Co Ltd that is not quoted on any market and does not have any comparable industry peer that is listed. The Group does not intend to dispose of this investment in the foreseeable future. The Group intends to eventually dispose of this investment through sale to institutional investors.

33. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include liquidity risk, credit risk and foreign currency risk. The management reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial years, the Group's policy that no trading in derivative for speculative purposes shall be undertaken. The Group and the Company do not apply hedge accounting.

The following sections provide details regarding the Group's and the Company's exposure to the above-mentioned financial risks and the objectives, policies, and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks throughout the years under review.

(a) ***Liquidity risk***

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and to maintain sufficient levels of cash including short term deposits to meet its working capital requirements. The ultimate holding company, Parkson Holdings Berhad, has agreed to provide financial support for the next twelve months from the date of the financial statements to enable the Group to meet its financial obligations as and when they fall due.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

33. Financial risk management objectives and policies (cont'd)

(a) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities

The tables below summarise the maturity profile of the Group's and the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less SGD'000	One to five years SGD'000	Over five years SGD'000	Total SGD'000
Group				
30 June 2017				
Financial assets				
Trade and other receivables	14,110	4,718	17,970	36,798
Derivatives	–	–	17	17
Investment securities	–	–	75	75
Cash and short-term deposits	63,387	–	–	63,387
Total undiscounted financial assets	77,497	4,718	18,062	100,277
Financial liabilities				
Trade and other payables	183,999	5,176	–	189,175
Other liabilities	13,290	–	–	13,290
Total undiscounted financial liabilities	197,289	5,176	–	202,465
Total net undiscounted financial (liabilities)/assets	(119,792)	(458)	18,062	(102,188)
30 June 2016				
Financial assets				
Trade and other receivables	16,809	4,610	18,245	39,664
Derivatives	–	–	18	18
Investment securities	–	–	78	78
Cash and short-term deposits	69,509	–	–	69,509
Total undiscounted financial assets	86,318	4,610	18,341	109,269
Financial liabilities				
Trade and other payables	157,782	5,897	171	163,850
Other liabilities	13,150	–	–	13,150
Total undiscounted financial liabilities	170,932	5,897	171	177,000
Total net undiscounted financial (liabilities)/assets	(84,614)	(1,287)	18,170	(67,731)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

33. Financial risk management objectives and policies (cont'd)

(a) *Liquidity risk (cont'd)*

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2017			
Financial assets			
Trade and other receivables	16,847	–	16,847
Cash and short-term deposits	1,355	–	1,355
Total undiscounted financial assets	18,202	–	18,202
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	843	–	843
Total net undiscounted financial assets	17,359	–	17,359
30 June 2016			
Financial assets			
Trade and other receivables	23,155	31,094	54,249
Cash and short-term deposits	1,679	–	1,679
Total undiscounted financial assets	24,834	31,094	55,928
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	453	–	453
Total net undiscounted financial assets	24,381	31,094	55,475

(b) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including cash and short-term deposits), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

33. Financial risk management objectives and policies (cont'd)

(b) *Credit risk (cont'd)*

Excessive risk concentration

Concentration arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Group's performance to developments affecting a particular industry.

In order to avoid excessive concentrations of risk, the Group's policies and procedures include operating and management of retail stores in various geographical regions. Identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, 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 on the balance sheets.

Credit risk concentration profile

The Group engages solely in the operation and management of retail stores in Malaysia, Vietnam, Indonesia and Myanmar.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

33. Financial risk management objectives and policies (cont'd)

(c) *Foreign currency risk*

The Group's operations are primarily conducted in Malaysia, Vietnam, Indonesia and Myanmar in Malaysian Ringgit ("RM"), Vietnamese Dong ("VND"), Indonesian Rupiah ("IDR") and Myanmar Kyat ("MMK") respectively.

The Group's entities holds cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from non-trade purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss/profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group	
		2017	2016
		SGD'000	SGD'000
		Loss before tax	Profit before tax
USD against VND	- strengthened 3%	(129)	145
	- weakened 3%	129	(145)
USD against RM	- strengthened 3%	(5)	13
	- weakened 3%	5	(13)
USD against MMK	- strengthened 3%	(12)	–
	- weakened 3%	12	–
SGD against RM	- strengthened 3%	–	1
	- weakened 3%	–	(1)

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 30 June 2017

34. Capital management

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2017 and 30 June 2016.

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, trade and other payables, other liabilities and provision, less cash and short-term deposits and money market instruments. Capital consists of equity attributable to owners of the Company.

	Group	
	2017	2016
	SGD'000	SGD'000
Trade and other payables (Note 23)	192,654	166,771
Other liabilities (Note 24)	44,213	45,918
Provisions (Note 25)	12,634	3,021
<i>Less:</i>		
Cash and short-term deposits (Note 22)	(63,387)	(69,509)
Net debt	186,114	146,201
Equity attributable to the owners of the Company, representing total capital	93,858	157,923
Capital and net debt	279,972	304,124
Gearing ratio	66.5%	48.1%

35. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2017 were authorised for issue in accordance with a resolution of the directors on 6 October 2017.

SHAREHOLDING STATISTICS

AS AT 25 SEPTEMBER 2017

NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	673,800,000
NUMBER/PERCENTAGE OF TREASURY SHARES	:	3,500,000 / 0.52%
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE (1) VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	1	0.09	5	0.00
100 - 1,000	60	5.39	43,087	0.01
1,001 - 10,000	259	23.27	1,621,708	0.24
10,001 - 1,000,000	770	69.18	75,104,368	11.14
1,000,001 and above	23	2.07	597,030,832	88.61
TOTAL	1,113	100.00	673,800,000	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
UOB KAY HIAN PTE LTD	482,867,500	71.66
DBS NOMINEES PTE LTD	54,516,200	8.09
THOMAS TAN SOON SENG (THOMAS CHEN SHUNCHENG)	6,000,000	0.89
CITIBANK NOMINEES S'PORE PTE LTD	5,933,366	0.88
OCBC SECURITIES PRIVATE LTD	5,320,300	0.79
ABN AMRO CLEARING BANK N.V.	5,229,300	0.78
PHILLIP SECURITIES PTE LTD	4,487,000	0.67
CIMB SECURITIES (S'PORE) PTE LTD	4,189,100	0.62
MAYBANK KIM ENG SECURITIES PTE LTD	3,771,166	0.56
GOH BEE LAN	3,100,000	0.46
RAFFLES NOMINEES (PTE) LTD	2,832,800	0.42
TAN YONG NEE	2,300,000	0.34
UNITED OVERSEAS BANK NOMINEES PTE LTD	2,100,200	0.31
LEONG MUN SUM @ LEONG HENG WAN	2,100,000	0.31
OCBC NOMINEES SINGAPORE PTE LTD	2,093,000	0.31
ANG KONG MENG	1,806,800	0.27
LEE CHOON YONG	1,800,000	0.27
MD YOUSUF	1,629,500	0.24
LIM & TAN SECURITIES PTE LTD	1,300,600	0.19
LEE KIM TECK	1,300,000	0.19
TOTAL	594,676,832	88.25

SHAREHOLDING STATISTICS

AS AT 25 SEPTEMBER 2017

REGISTER OF SUBSTANTIAL SHAREHOLDERS AS AT 25 SEPTEMBER 2017

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
East Crest International Limited	457,933,300	67.96	-	-
Parkson Holdings Berhad ⁽¹⁾	-	-	457,933,300	67.96
Lion Industries Corporation Berhad ⁽²⁾	-	-	457,933,300	67.96
Tan Sri Cheng Heng Jem ⁽³⁾	500,000	0.07	457,933,300	67.96
Golden Eagle International Retail Group Limited ⁽⁴⁾	33,068,700	4.91	913,300	0.14
GEICO Holdings Limited ⁽⁵⁾	-	-	33,982,000	5.04
Wang Dorothy S L ⁽⁶⁾	-	-	33,982,000	5.04
Wang Janice S Y ⁽⁶⁾	-	-	33,982,000	5.04
Wang Vivine H ⁽⁷⁾	-	-	33,982,000	5.04
Wang Hung Roger ⁽⁷⁾	-	-	33,982,000	5.04

Notes:-

- (1) Parkson Holdings Berhad ("PHB") is the sole shareholder of East Crest International Limited ("ECIL"), and is deemed to be interested in the Shares held by ECIL by virtue of Section 7(4) of the Companies Act.
- (2) Lion Industries Corporation Berhad ("LICB") holds, directly and indirectly, not less than 20% of the voting shares in PHB, which is the sole shareholder of ECIL. As such, LICB is deemed to be interested in the Shares held by ECIL by virtue of Section 7(A) of the Companies Act.
- (3) Tan Sri Cheng Heng Jem holds, directly and indirectly, not less than 20% of the voting shares in PHB, which is the sole shareholder of ECIL. As such, Tan Sri Cheng Heng Jem is deemed to be interested in the Shares held by ECIL by virtue of Section 7(4A) of the Companies Act.
- (4) Golden Eagle International Retail Group Limited ("GEIR") by itself and through its indirect non-wholly owned subsidiary holds an aggregate of more than 5% of the Shares.
- (5) GEICO Holdings Limited ("GEICO"), is the sole shareholder of GEIR, and is deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.
- (6) Wang Dorothy S L and Wang Janice S Y are the beneficiaries of The 2004 RVJD Family Trust, the family trust of Wang Hung Roger, which holds the entire shareholding in GEICO, and they are deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.
- (7) Wang Vivine H and Wang Hung Roger are the settlors of The 2004 RVJD Family Trust, the family trust of Wang Hung Roger, which holds the entire shareholding in GEICO, and they are deemed to be interested in the Shares held by GEIR by virtue of Section 7(4) of the Companies Act.

PERCENTAGE OF SHAREHOLDING IN THE HANDS OF PUBLIC

As at 31 May 2017, 26.87% of the issued share capital of the Company was held in the hands of the public (based on the information available to the Company). Accordingly, the Company has complied with Rule 723 of the Listing Manual of Singapore Exchange Securities Trading Limited.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Parkson Retail Asia Limited ("**the Company**") will be held at the Pan Pacific Singapore, Level 2, Ocean 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Tuesday, 31 October 2017 at 2.00pm for the purposes of transacting the following businesses:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company together with the Directors' Statement and Auditor's Report of the Company for the financial year ended 30 June 2017.
(Resolution 1)

2. To re-elect Ms Cheng Hui Yuen, Vivien who is retiring pursuant to Article 91 of the Constitution of the Company.
(Resolution 2)

3. To record the retirement of Mr Wee Kheng Jin who is retiring pursuant to Article 91 of the Constitution of the Company.

Mr Wee Kheng Jin, upon his retirement at the conclusion of Annual General Meeting, shall cease to be the Chairman of the Audit Committee, a member of the Nominating Committee and a member of the Remuneration Committee.

4. To re-elect Mr Michael Chai Woon Chew who is retiring pursuant to Article 97 of the Constitution of the Company.
(Resolution 3)

Mr Michael Chai Woon Chew, if re-elected, will be appointed to the Nominating Committee ("NC") and he shall take over the Chairmanship of the NC from Mr Tan Soo Khoon.

5. To re-elect Mr Ng Tiak Soon who is retiring pursuant to Article 97 of the Constitution of the Company.
(Resolution 4)

Mr Ng Tiak Soon, if re-elected, will be appointed as the Lead Independent Director, Chairman of the Audit Committee and a member of Remuneration Committee. He is considered independent for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST").

6. To approve the payment of Directors' fees of up to SGD350,000 for the financial year ending 30 June 2018, payable quarterly in arrears (30 June 2017: SGD350,000).
(Resolution 5)

7. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.
(Resolution 6)

8. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

9. Authority to issue shares

"That, pursuant to Section 161 of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**") and Rule 806(2) and Practice Note 8.3 of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") (the "**Listing Manual**"), authority be and is hereby given to the directors of the Company (the "**Directors**") to:-

- (a) (i) issue shares in the capital of the Company ("**shares**") whether by way of rights, bonus or otherwise; and/or
- (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

- (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Provided that:

- (1) subject to sub-paragraph (2) below, the aggregate number of shares to be issued pursuant to this Resolution (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) (the "General Limit") of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (3) below), of which the aggregate number of shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (3) below). Unless prior shareholder approval is required under the Listing Manual, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits;
- (2) the General Limit shall be increased to one hundred per cent. (100%) of the Company's total number of issued shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (3) below) for the purposes of enabling the Company to undertake pro-rata renounceable rights issues (the "**Enhanced Rights Issue Limit**");

NOTICE OF ANNUAL GENERAL MEETING

- (3) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraphs (1) and (2) above, the total number of issued shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:
- (i) new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of shares;
- (4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and
- (5) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next annual general meeting of the Company or the date by which the next annual general meeting of the Company is required by law to be held, whichever is the earlier."

[see explanatory note (i)]

(Resolution 7)

10. Authority to issue shares under the Parkson Retail Asia Limited Employee Share Option Scheme

"That, pursuant to Section 161 of the Companies Act, Cap. 50, the Directors of the Company be authorised and empowered to offer and grant options under the Parkson Retail Asia Limited Employee Share Option Scheme ("**the Scheme**") and to issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of options granted by the Company under the Scheme, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the Scheme shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[see explanatory note (ii)]

(Resolution 8)

11. Proposed Renewal of the General Mandate for Interested Person Transactions

That:-

- (a) approval be and is hereby given for the Company, its subsidiaries and associated companies which fall within the definition of "entities at risk" under Chapter 9 of the Listing Manual or any of them to enter into any transaction falling within the categories of interested person transactions set out in the Company's circular to Shareholders dated 16 October 2017 (the "**Circular**"), with

NOTICE OF ANNUAL GENERAL MEETING

any party who is of the class or classes of interested persons described in the Circular, provided that such transaction is made on normal commercial terms and is not prejudicial to the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Circular (such shareholders' general mandate hereinafter called the "**IPT Mandate**");

- (b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next annual general meeting of the Company or until the date on which the next annual general meeting of the Company is required by law to be held, whichever is the earlier;
- (c) the audit committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual which may be prescribed by the SGX-ST from time to time; and
- (d) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate.

[see explanatory note (iii)]

(Resolution 9)

12. Proposed Renewal of the Share Purchase Mandate

That:-

- (a) for the purposes of the Companies Act, the authority be and is hereby conferred on the Directors to exercise all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:
 - (i) on-market purchase(s) on the SGX-ST; and/or
 - (ii) off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

NOTICE OF ANNUAL GENERAL MEETING

- (b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:
 - (i) the date on which the next annual general meeting of the Company is held or is required by law to be held; or
 - (ii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and
- (c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

For the purposes of this ordinary resolution 10:

“Average Closing Price” means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares on the SGX-ST were recorded, before the day on which a market purchase was made by the Company or, as the case may be, the date of the announcement of the offer pursuant to an off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs after the relevant period of five (5) market days;

“Maximum Limit” means that number of issued Shares representing ten per cent. (10%) of the total number of Shares excluding treasury shares and subsidiary holdings as at the last annual general meeting or as at the date of the passing of this Resolution (whichever is the higher); and

“Maximum Price”, in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:-

- (a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and
- (b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares.

[see explanatory note (iv)]

(Resolution 10)

On behalf of the Board

Tan Sri Cheng Heng Jem
Executive Chairman

Dated: 16 October 2017

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

- (i) Ordinary Resolution 7 proposed under Agenda 9 above, if passed, will authorise and empower the Directors from the date of this annual general meeting to the next annual general meeting of the Company to issue shares and/or convertible securities in the Company up to an amount not exceeding (A) the General Limit, i.e. 50% of the total number of issued shares (excluding treasury shares and subsidiary holdings); or (B) the Enhanced Rights Issue Limit, i.e. 100% of the total number of issued shares (excluding treasury shares and subsidiary holdings) where the Company meets the requirements for such Enhanced Rights Issue Limit prescribed in Practice Note 8.3 of the Listing Manual, of which the total number of shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next annual general meeting of the Company.

Any shares issued pursuant to the Enhanced Rights Issue Limit must be listed on the SGX-ST by 31 December 2018. The Enhanced Rights Issue Limit widens fund-raising avenues available to the Directors and allows the Directors to avoid prolonged market exposure by reducing the time taken for shareholder approval, in the event the need arises. Accordingly, the board of Directors is of the view that the Enhanced Rights Issue Limit is in the best interests of the Company and its shareholders.

- (ii) Ordinary Resolution 8 proposed under Agenda 10 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next AGM, or the date by which the next AGM is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares in the Company pursuant to the exercise of options granted or to be granted under the Scheme up to a number not exceeding in aggregate (for the entire duration of the Scheme) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares) in the capital of the Company from time to time.
- (iii) Ordinary Resolution 9 proposed under Agenda 11 above, if passed, will authorise and empower the Directors to enter into the mandated interested person transactions as described in the Circular. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier. Please refer to the Circular for further details.
- (iv) Ordinary Resolution 10 proposed under Agenda 12 above, if passed, will authorise and empower the Directors to exercise all powers of the Company to purchase or otherwise acquire (whether by way of market purchases or off-market purchases) Shares of the Company on the terms of the Share Purchase Mandate as set out in the Circular. Such authority shall, unless revoked or varied by the Company in general meeting, continue in force until the date on which the next annual general meeting of the Company is or is required by law to be held, whichever is the earlier. The Company currently intends to use internal sources of funds to finance the purchase or acquisition of its Shares. Please refer to the Circular for further details.

NOTICE OF ANNUAL GENERAL MEETING

Notes:

1. A member who is not a relevant intermediary may appoint not more than two proxies to attend, speak and vote in his stead at the AGM.
2. A member who is a relevant intermediary (as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore) is entitled to appoint more than two proxies to attend, speak and vote in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such relevant intermediary appoints more than two proxies, please annex, to the form of proxy, the name, address, NRIC/Passport Number, number and class of shares in relation to which each proxy has been appointed.
3. A proxy need not be a member of the Company.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company(or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

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PARKSON RETAIL ASIA LIMITED

Company Registration No. 201107706H
(Incorporated In Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

Important

1. For investors who have used their CPF monies to buy Parkson Retail Asia Limited's shares, this Report is forwarded to them at the request of the CPF Agent Banks and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF/SRS investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. Relevant intermediaries (as defined in Section 181(6) of the Companies Act, Chapter 50 of Singapore), should refer to Note 3 to the Proxy Form on the reverse.

I/We, _____ NRIC/ Passport No. _____

of _____

being a member/members of Parkson Retail Asia Limited (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings (Ordinary Shares)	
		No. of Shares	%
Address			

and/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings (Ordinary Shares)	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "**Meeting**") of the Company to be held at the Pan Pacific Singapore, Level 2, Ocean 1, 7 Raffles Boulevard, Marina Square, Singapore 039595 on Tuesday, 31 October 2017 at 2.00pm and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion.

No.	Resolutions relating to:	For*	Against*	Abstain*
1	To receive and adopt the Audited Financial Statements for the financial year ended 30 June 2017 together with the Directors' Statement and Auditor's Report thereon			
2	To re-elect Ms Cheng Hui Yuen as a Director			
3	To re-elect Mr Michael Chai Woon Chew as a Director			
4	To re-elect Mr Ng Tiak Soon as a Director			
5	To approve the payment of Directors' fees of up to SGD350,000 for the financial year ending 30 June 2018, payable quarterly in arrears			
6	To re-appoint Messrs Ernst & Young LLP as Auditor			
7	To authorise the Directors to issue new shares			
8	To authorise the Directors to issue new shares under the Parkson Retail Asia Limited Employee Share Option Scheme			
9	To approve the renewal of general mandate for Interested Person Transactions			
10	To approve the renewal of the Share Purchase Mandate			

* If you wish to exercise all your votes "For", "Against" or "Abstain" please tick [✓] within the box provided. Alternatively, please indicate the number of votes as appropriate.

Dated this _____ day of _____ 2017

Total number of Ordinary Shares in:	No. of Ordinary Shares
(a) CDP Register	
(b) Register of Members	

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

Delete where inapplicable



Notes:

1. Except for a member of the Company who is a relevant intermediary (as defined under Section 181(6) of the Companies Act, Chapter 50 of Singapore (the "**Companies Act**")), a member of the Company entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint not more than two proxies to attend, speak and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy.
3. Pursuant to Section 181(1C) of the Companies Act, a member who is entitled to attend, speak and vote at the Annual General Meeting and is a relevant intermediary is entitled to appoint more than two proxies to exercise all or any of its rights to attend, speak and vote at the Annual General Meeting, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such relevant intermediary appoints more than two proxies, please annex, to the form of proxy, the name, address, NRIC/Passport Number, number and class of shares in relation to which each proxy has been appointed.
4. The instrument appointing a proxy or proxies must be under the hand of the appointor or his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its attorney or duly authorised officer on behalf of the corporation.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Annual General Meeting, in accordance with the constitutional documents of the corporation and Section 179 of the Companies Act, Chapter 50 of Singapore.
6. The instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or notarially certified copy thereof, must be deposited at the office of the Singapore Share Registrar, B.A.C.S. Private Limited of 8 Robinson Road, #03-00, ASO Building, Singapore 048544 not less than forty-eight (48) hours before the time appointed for the Annual General Meeting.

Fold along this line

Affix
Postage
Stamp

Parkson Retail Asia Limited
c/o The Share Registrar
B.A.C.S. Private Limited
8 Robinson Road
#03-00, ASO Building
Singapore 048544

This flap for sealing

7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act, Chapter 289 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert the number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
8. The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible or where, in the Company's opinion, the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies, or if the instrument of proxy is not submitted on time and in accordance with Note 6 above. In addition, in the case of members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register seventy-two (72) hours before the time appointed for holding the Annual General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Annual General Meeting and to speak and vote thereat unless his name appears on the Depository Register seventy-two (72) hours before the time set for the Annual General Meeting.
10. An investor who buys shares using CPF monies ("**CPF Investor**") and/or SRS monies ("**SRS Investor**") (as may be applicable) may attend, speak and cast his vote(s) at the Annual General Meeting in person if he is appointed as a proxy. CPF Investors and SRS Investors who are unable to attend the Annual General Meeting but would like to vote, may inform their CPF Agent Banks and/or SRS Operators to appoint the Chairman of the Annual General Meeting to act as their proxy, in which case, the CPF Investors and SRS Investors shall be precluded from attending the Annual General Meeting.

Personal data privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Annual General Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) or proxies and representatives appointed for the Annual General Meeting (including any adjournment thereof) and the preparation and compilation of the attendances lists, minutes and other documents relating to the Annual General Meeting (including any adjournment thereof), and in order for the Company (or its agent) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company(or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

