


PARKSON 百盛

PARKSON RETAIL ASIA LIMITED

ANNUAL REPORT 2023

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CORPORATE PROFILE

ABOUT PARKSON RETAIL ASIA LIMITED

Listed on the Mainboard of the Singapore Exchange Securities Trading Limited on 3 November 2011, Parkson Retail Asia Limited ("Parkson", and together with its subsidiaries, the "Group") is a prominent Malaysian department store retailer with an extensive network of 37 department stores across cities in Malaysia as at 27 March 2024.

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

CORPORATE INFORMATION

BOARD OF DIRECTORS
Tan Sri Cheng Heng Jem *(Executive Chairman)*
Cheng Hui Yuen, Vivien *(Executive Director)*
Michael Chai Woon Chew (*Lead Independent Director)*
Datuk Koong Lin Loong *(Independent Director)*
Sam Chong Keen *(Independent Director)*

AUDIT COMMITTEE
Chairman
Michael Chai Woon Chew

Members
Datuk Koong Lin Loong
Sam Chong Keen

NOMINATING COMMITTEE
Chairman
Michael Chai Woon Chew

Members
Datuk Koong Lin Loong
Tan Sri Cheng Heng Jem

REMUNERATION COMMITTEE
Chairman
Datuk Koong Lin Loong

Members
Michael Chai Woon Chew
Sam Chong Keen

COMPANY SECRETARIES
Cheok Hui Yee
Kong Wei Fung

REGISTERED OFFICE
9 Raffles Place
#26-01 Republic Plaza
Singapore 048619
Tel: (65) 6236 3333

SHARE REGISTRAR AND SHARE TRANSFER OFFICE
B.A.C.S Private Limited
77 Robinson Road
#06-03 Robinson 77
Singapore 068896

AUDITORS
Foo Kon Tan LLP
1 Raffles Place
One Raffles Place Tower 2 #04-61/62
Singapore 048616
Partner in-charge: Teo Soo Chuen
(With effect from the financial year ended 31 December 2022)

PRINCIPAL BANKERS
United Overseas Bank
Malayan Bank Berhad
CIMB Bank Berhad
HSBC Bank Malaysia Berhad

WEBSITE
www.parkson.com.sg

CHAIRMAN'S STATEMENT

Dear Shareholders

On behalf of the Board of Directors, I am pleased to present the Annual Report of Parkson Retail Asia Limited for the financial year ended 31 December 2023 ("FY2023").

FY2023 was a challenging year for the retail industry in Malaysia (our main market) as retail sales growth narrowed down to 2.2% while the department stores sector sales growth was at negative 4.4%.

Our FY2023's performance was relatively consistent with the industry which was slightly weaker compared to the previous financial year ended 31 December 2022 ("FY2022"). The retail industry had experienced a slowdown since the 2nd quarter of FY2023 primarily due to the weak spending power of consumers resulting from the rising cost of living. Unlike FY2022 which was an extraordinary year that marked the revival of the retail industry post COVID-19 pandemic, the previous pent-up demand from consumers had waned following a period of increased spending from the incentives and financial assistance provided by the various government authorities to boost economic activities.

For FY2023, the Group (continuing operations) recorded gross sales proceeds of S$535.7 million (year ended 31 December 2022 ("FY2022") : S$589.1 million), revenue of S$221.6 million (FY2022 : S$230.8 million) and profit before tax of S$36.4 million (FY2022 : S$43.7 million). Apart from the weaker market sentiments, the strong Singapore Dollar versus the Ringgit had also contributed largely to the weaker sales in Singapore Dollars.

The profit before tax of S$36.4 million was after having accounted for, among others, the loss from discontinued operations of S$4.4 million (FY2022 : S$2.3 million) arising from the effect of deconsolidation of subsidiaries in Vietnam.

Operations in Malaysia

For the Malaysia operations, revenue stood at S$219.3 million (FY2022 : S$228.7 million) with a profit before tax of S$45.5 million (FY2022 : S$52.3 million). The weaker performance is mainly attributable to the lower store count during the year as well as the weakened spending power of consumers.

During the year, we closed two (2) Parkson department stores and opened a store in Kota Samarahan, Sarawak. The total number of stores as at 31 December 2023 stood at 37.

Operations in Vietnam

It is with regret that I inform we had exited from the Vietnam market entirely during FY2023 after grappling with the challenges posed by Covid-19 pandemic and stiff competition in the market. The subsidiary involved is currently undergoing voluntary liquidation.

The Group had ceased to consolidate the financial statements of the subsidiaries in Vietnam with effect from 8 August 2023. During the year under review, the Vietnam operations had been classified

CHAIRMAN'S STATEMENT

as discontinued operations and had recorded a loss before tax of S$4.4 million (FY2022: S$2.3 million) after having accounted for the effect of deconsolidation.

Store Assessment

We are continuing to take pro-active measures in monitoring and assessing the viability of our stores and business ventures. We had closed non-performing stores in previous years, opened a new store during the year and are looking into opportunities for opening new stores.

Outlook

With the continued encouraging results of FY2023, the management remains committed to improving the operations and financial performance of the Group for the years ahead with its strategies on enhancing product offerings, improving gross margins, optimising operational efficiency and productivity, carrying out tactical promotional activities as well as managing costs. The Group will continue to stay focused on its Parkson department store business while continuing to monitor its growing lifestyle retail concept business model vigilantly. The Group is currently pursuing opportunities for new stores that will benefit the Group in the long term. Plans are also underway to refurbish some of the aged stores so as to keep up with the ever changing market trends. The Group will continue to review its store size to ensure optimal store productivity and efficiency.

Inflationary pressures and higher cost of living remain a major concern to the Group's operations and financial performance for the financial year ending 31 December 2024. The Group will continue to navigate these challenges cautiously and strive to improve and sustain its performance.

Acknowledgement

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 their continued and unwavering support as well as confidence in the Group, especially throughout the challenging times in the recent years.

Finally, I would like to express my gratitude and appreciation to my fellow Board members who continued to serve and support the Group.

Tan Sri Cheng Heng Jem
Executive Chairman

Singapore
27 March 2024

"For the Malaysia operations, revenue stood at S$219.3 million (FY2022 : S$228.7 million) with a profit before tax of S$45.5 million (FY2022 : S$52.3 million).

FINANCIAL HIGHLIGHTS

	FY2019 SGD'000	FY2020 SGD'000	FY2021 (18 months) SGD'000	FY2022 SGD'000	FY2023 SGD'000
Consolidated Income Statement					
Gross sales proceeds [1]	909,870	633,797	686,515	589,073	**535,749**
Revenue	398,544	269,330	248,411	230,838	**221,584**
(Loss)/earnings before interest, depreciation, amortisation and tax	(7,909)	20,744	131,392	104,128	**89,256**
Net (loss)/profit after tax	(34,613)	(84,995)	13,744	28,746	**25,190**
Net (loss)/profit attributable to owners of the Company	(34,600)	(84,928)	13,730	28,755	**25,197**
Basic and diluted (loss)/profit per share (cent)	(5.14)	(12.60)	2.04	4.27	**3.74**
Consolidated Statement of Financial Position					
Total assets	258,181	443,447	349,708	354,670	**295,108**
Total liabilities	243,390	509,407	398,965	371,671	**284,463**
Total equity	14,791	(65,960)	(49,257)	(17,001)	**10,645**

Note

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

MANAGEMENT DISCUSSION AND ANALYSIS

As at 31 December 2023, the Group's department store network comprised 37 (31 December 2022 : 39) stores spanning approximately 409,000 sqm of Gross Floor Area.

FINANCIAL RESULTS

	Group		
	31.12.2023	31.12.2022	+/(-)
	S$'000	S$'000	%
Continuing operations			
Revenue	221,584	230,838	(4.0)
Other items of income			
- Finance income	3,182	2,029	56.8
- Other income	3,938	5,845	(32.6)
Items of expense			
- Changes in merchandise inventories and consumables	(71,817)	(70,759)	1.5
- Employee related expense	(35,783)	(35,431)	1.0
- Depreciation of right-of-use assets	(32,800)	(36,584)	(10.3)
- Depreciation and amortisation expense	(6,292)	(9,262)	(32.1)
- Promotional and advertising expense	(1,029)	(1,020)	0.9
- Operating lease expense	(7,165)	(709)	>100
- Interest expense on lease liabilities	(12,151)	(13,618)	(10.8)
- Finance costs	(378)	(627)	(39.7)
- Other expenses	(20,472)	(24,636)	(16.9)
Total expenses	(187,887)	(192,646)	(2.5)
Profit before tax	40,817	46,066	(11.4)
Income tax expense	(11,248)	(14,997)	(25.0)
Profit after tax	29,569	31,069	(4.8)
Discontinued operations			
Loss after tax	(4,379)	(2,323)	88.5
Net profit for the year	25,190	28,746	(12.4)

	Group		
	31.12.2023	31.12.2022	+/(-)
	S$'000	S$'000	%
Net profit/(loss) attributable to:			
Owners of the Company			
Profit from continuing operations, net of tax	29,576	31,078	(4.8)
Loss from discontinued operations, net of tax	(4,379)	(2,323)	88.5
Non-controlling interests			
Loss from continuing operations, net of tax	(7)	(9)	(22.2)
	25,190	28,746	(12.4)

CONTINUING OPERATIONS' REVIEW

The components of Gross Sales Proceeds ("GSP") are as follows: -

	Group		
	31.12.2023	31.12.2022	+/(-)
	S$'000	S$'000	%
GSP			
Sales of goods - direct sales	104,113	101,091	3.0
Sales of goods - concessionaire sales	427,349	483,907	(11.7)
Total merchandise sales	531,462	584,998	(9.2)
Consultancy / management service fees	446	449	(0.7)
Rental income	1,604	1,520	5.5
Food and beverage	2,237	2,106	6.2
GSP from continuing operations	535,749	589,073	(9.1)

MANAGEMENT DISCUSSION AND ANALYSIS

The YoY decrease in total merchandise sales by 9.2% is mainly due to the lower store count during the year as well as the weakened spending power of consumers compared to the corresponding year. Merchandise sales mix remained largely concessionaire at 80.4% (2022: 82.7%) while contribution from direct sales was 19.6% (2022: 17.3%).

Rental income increased YoY by 5.5% due mainly to better sales attained by tenants. Food and beverage operations registered a YoY increase in sales by 6.2%, largely due to the willingness of consumers to dine out following the recovery from the COVID-19 pandemic.

Merchandise gross profit margin stood at 27.7% (2022: 26.8%).

Other items of income

Finance income increased YoY by 56.8% mainly due to increase in interest income from fixed deposits.

Other income decreased YoY by 32.6% due mainly to lesser write-back of expired gift vouchers and a reversal of impairment of right-of-use asset from a subsidiary in the corresponding year.

Expenses

Total expenses of the Group decreased YoY by 2.5% with the analysis of major expenses as follows:

Depreciation of right-of-use assets

Depreciation of right-of-use assets decreased YoY by 10.3% due to lower right-of-use assets as a result of depreciation and impairment in the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

Depreciation and amortisation expense

Depreciation and amortisation expense decreased YoY by 32.1% resulting mainly from some of the plant and equipment being fully depreciated and written-off in the previous year.

Operating lease expenses

Operating lease expenses increased YoY by >100% caused mainly by higher short term leases.

Interest expense on lease liabilities

Interest expense on lease liabilities declined YoY by 10.8% due to the reduction in lease liabilities as a result of repayment.

Other expenses

Other expenses for the current year comprised mainly (a) selling and distribution expenses which amounted to S$6.2 million; (b) general and administrative expenses amounting to S$6.4 million; and (c) other operating expenses which came to S$7.9 million. The YoY decrease in other expenses is mainly due to the lower sales attained.

Profit before tax

The Group recorded a lower profit before tax for the current year of S$36.4 million compared with S$43.7 million of the corresponding year, mainly attributable to the fewer store count during the year as well as the weakened spending power of consumers compared to the corresponding year.

Loss from discontinued operations

The loss from discontinued operations for the current year of S$4.4 million is due to the effect of deconsolidation of certain subsidiaries in Vietnam.

Tax expense

Tax expense decreased YoY by 25.0% mainly resulting from the lower profit before tax attained by the Malaysia operation during the year and also a one-off higher tax rate in the previous year.

Group Balance Sheet

The Group was in a net current liabilities ("NCL") position of S$26.3 million as at 31 December 2023. NCL of the Group decreased by 55.6% from S$59.3 million as at 31 December 2022 mainly as a result of the performance attained by the Group. The equity of the Group improved to S$10.6 million

MANAGEMENT DISCUSSION AND ANALYSIS

as at 31 December 2023 from a negative equity of S$17.0 million as at 31 December 2022 due mainly to the profits attained by the Group.

The financial statements of the Group have been prepared on a going concern basis. The ability of the Group to continue as a going concern is dependent on the Group generating sufficient cash flows from its operations to meet its working capital needs and the continued support from its suppliers and creditors.

Property, plant and equipment declined to S$17.4 million mainly due to depreciation.

Right-of-use assets declined to S$130.4 million largely due to depreciation.

Other receivables (non-current) decreased to S$4.2 million mainly resulting from the deconsolidation of subsidiaries in Vietnam.

Inventories increased to S$23.1 million owing mainly to the slowdown of sales during the year.

Trade and other receivables (current) decreased to S$10.6 million on account of collection from receivables.

Trade and other payables (current) decreased to S$106.2 million mainly due to repayment.

Other liabilities (current) decreased to S$11.3 million primarily due to the payment to a landlord for the settlement of dispute.

Loans and borrowings (current) decreased to S$1.9 million with repayment of loan.

Lease liabilities (current and non-current) decreased to S$150.2 million mainly resulting from repayment and closure of the store in Vietnam.

Loans and borrowings (non-current) decreased to nil with repayment of loan.

Accumulated losses reduced to S$59.8 million due to the profits attained by the Group.

Company Balance Sheet

Trade and other payables (current) increased to S$23.1 million as a result of advances received from a subsidiary.

Loans and borrowings (non-current) decreased to nil with repayment of loan.

Group Cash Flow

For the current year, the Group recorded net cash inflow from operating activities of S$53.2 million, net cash generated from investing activities of S$2.9 million and net cash used in financing activities of S$55.4 million, resulting in a net increase in cash and cash equivalents of S$0.7 million (2022 : net increase of S$40.3 million). The lower net increase in cash and cash equivalents was generally due to repayment to creditors and payment of lease liabilities.

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-elected on 29 April 2022. He is a member of the Nominating Committee.

Tan Sri Cheng has more than 60 years of experience in the business operations of the Lion Group, a Malaysian based diversified business group (which includes our Company) encompassing retail, financial services, steel, mining, property and industrial parks, agriculture, tyre manufacturing, motor vehicle assembly, brewery and computer industries. He oversees the operations of Lion Group and is responsible for the formulation and monitoring of the overall corporate strategic plans and business development of the Group.

Tan Sri Cheng is the Chairman and Managing Director of Parkson Holdings Berhad ("PHB"), our ultimate holding company listed on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") and the Executive Director and Chairman of Parkson Retail Group Limited, a subsidiary of PHB listed on The Stock Exchange of Hong Kong Limited. Tan Sri Cheng is currently the Chairman of Lion Posim Berhad and the Managing Director of Lion Industries Corporation 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, and is a Founding Member and a Permanent Trustee of The Community Chest, a company limited by guarantee established by the private sector for charity purposes.

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

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

CHENG HUI YUEN, VIVIEN
Executive Director

Ms Cheng Hui Yuen, Vivien, was appointed as Executive Director of the Company on 18 September 2015 and was last re-elected on 29 April 2022.

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

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

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

DATUK KOONG LIN LOONG
Independent, Non-Executive Director

Datuk Koong was appointed as Director of the Company on 2 January 2020 and was last re-elected on 28 April 2023. He is the Chairman of the Remuneration Committee and a member of the Nominating Committee and the Audit Committee.

Datuk Koong is qualified as member of ASEAN Chartered Professional Accountants (ASEAN CPA), the Malaysian Institute of Accountants (MIA), the Certified Practising Accountants Australia (CPA Australia), the Malaysian Institute of Certified Public Accountants (MICPA), the Institute of Internal

Auditors Malaysia and Kampuchea Institute of Certified Public Accountants and Auditors (KICPAA), and a fellow member of the Chartered Tax Institute of Malaysia (CTIM) and Chartered Institute of Management Accountants in the United Kingdom (CIMA). He is also an associate member of Malaysian Association of Company Secretaries.

In addition, Datuk Koong is the practising Auditor of Ministry of Finance in Malaysia, the Treasurer of the ACCCIM cum Chairman of its Small & Medium Enterprises (SMEs) Committee. He is also Board member of SME Corporation Malaysia under the Ministry of Entrepreneur & Cooperatives Development (MECD), Board member of The Credit Counselling and Debt Management Agency (AKPK) under the Central Bank of Malaysia, and member of Sales & Services Tax Technical Committee of Royal Malaysian Customs Department.

Currently, Datuk Koong is the Managing Partner of Reanda LLKG International, Chartered Accountants. He is also the President of Southeast Asia & South Asia Region of Reanda International Network and the Chairman of its International Tax Panel. He is also a member of the Practice Review Committee of MIA.

Datuk Koong is currently an Independent Non-Executive Director of Parkson Retail Group Limited, a public company listed on the Hong Kong Stock Exchange.

MICHAEL CHAI WOON CHEW

Independent, Non-Executive Director

Mr Chai was appointed as Director of the Company on 1 September 2017, and was last re-elected on 28 April 2023. He is the Lead Independent Director, Chairman of the Audit Committee and the Nominating Committee and a member of the Remuneration Committee.

Mr Chai is a partner of Messrs Michael Chai & Co., Advocates & Solicitors. He is currently a Non-Independent Non-Executive Director of KKB Engineering Berhad, a public company listed on the Main Market of Bursa Malaysia Securities Berhad.

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

SAM CHONG KEEN

Independent, Non-Executive Director

Mr Sam Chong Keen was appointed as Director of the Company on 30 October 2020 and was last re-elected on 29 April 2022. He is a member of the Remuneration Committee and the Audit Committee.

Mr Sam has a wealth of management experience, having held senior/CEO positions in the Singapore Government Administrative Service, National Trades Union Congress (NTUC), Intraco Ltd, Comfort Group Ltd, VICOM Ltd, Lion Asiapac Limited, A-Smart Holdings Ltd, and Emerging Towns & Cities Singapore Ltd.

Mr Sam was the Political Secretary to the Minister for Education from 1988 to 1991. He has served on various government boards and committees, including the Central Provident Fund Board and the National Co-operative Federation.

Mr Sam currently sits on the boards of other public listed companies in Singapore. He is an Independent Non-Executive Director of A-Smart Holdings Ltd, Lion Asiapac Limited, Stamford Tyres Corporation Limited and SMI Vantage Limited.

Mr Sam holds a Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford, as well as a Diploma from the Institute of Marketing, United Kingdom.

KEY MANAGEMENT

LAW BOON ENG
Chief Executive Officer of Malaysia operations

Mr Law is the Chief Executive Officer of Malaysia operations. He has over 30 years of experience in the retail industry. He held several senior positions in major retail groups in Malaysia, including General Manager of Merchandising and Marketing in our Malaysia operations, Chief Operating Officer and Executive Director of Ngiu Kee Corporation Bhd and Executive Director of Asia Brands Corporation Berhad. Mr Law re-joined the Group as Acting Chief Operating Officer of Malaysia operations in October 2014, and became the Chief Operating Officer of Malaysia operations in October 2015. He was promoted to Chief Executive Officer of Malaysia operations in June 2023.

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

CHONG LEE MEI
Chief Financial Officer

Ms Chong Lee Mei was appointed as the Chief Financial Officer of the Company on 14 November 2022. She has more than 30 years of experience in retailing, auditing and finance work. Ms Chong joined Parkson Corporation Sdn. Bhd. as an accountant in 1996 and was subsequently appointed as the Chief Accountant in 2002. From 2008 to 2015, she also assisted in handling investor relation for Parkson Holding Berhad. Prior to joining the Group, she worked as an auditor in a public accounting firm and also as an accountant in various companies.

Ms Chong is a fellow member of the Association of Chartered Certified Accountants (ACCA) of United Kingdom and a member of the Malaysia Institute of Accountants (MIA).

KEY MANAGEMENT

JOCELYN TEE CHIEW YING
Chief Auditor

Ms Tee Chiew Ying was appointed as the Chief Auditor of the Company on 14 November 2022. Ms Tee joined Parkson Corporation Sdn. Bhd. as an Internal Audit Executive in February 2008. In August 2014, she was appointed as an Assistant Audit Manager and subsequently promoted to Audit Manager in January 2016. She has more than 15 years of working experience in the company's internal audit department. Prior to joining the Company, she was with an audit firm and has working experience in the field of audit and assurance.

Ms Tee is a chartered member of the Association of Chartered Certified Accountants (ACCA) of United Kingdom and a professional member of the Institute of Internal Audit Malaysia (IIAM).

CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Empowerment through Education

We believe in Empowerment through Education; that education is the catalyst to bring about sustainable change for the better for our future generations. Annually, the Foundation awards scholarships to undergraduates in local universities. The selected scholars undergo training in soft skills such as problem-solving and communication skills as well as internships at Lion Group companies during their semester breaks to prepare them for working in the corporate world.

In FY2023, the Foundation awarded scholarships worth RM10,000 per annum to 10 students based on their academic performance, extra-curricular activities and leadership qualities. The Foundation also contributed RM10,000 to the Chinese Chamber of Commerce and Industry of Kuala Lumpur and Selangor (KLSCCCI) – Scholarship Fund.

Expansion of Home for Special Children

The Foundation has completed the expansion of the Home for Handicapped & Mentally Disabled Children in Banting, Selangor to include an old folks home which is expected to be handed over to the operator, Persatuan Penjagaan Kanak- Kanak Terencat Akal Negeri Selangor by the first quarter of the next financial year.

Medical Assistance for the Less Fortunate

In reaching out to a broad and diverse cross-section of beneficiaries irrespective of race or religion, the Foundation also provides financial assistance to the less fortunate suffering from critical illnesses who require medical treatment including surgery as well as purchase of medical equipment and medication.

In FY2023, approximately RM270,030 had been disbursed in the form of sponsorship for medical treatment to 31 individuals including for purchase of equipment and medication. The Foundation also donated RM20,000 to Hospital Selayang's Cataract Surgery Centre which assisted 86 patients from the B40 group undergo cataract operation.

Other CSR Initiatives

In November 2023, Lion-Parkson Foundation contributed RM5,000 to the 'Sports Carnival for OKU' organised by Malaysia Independent Living Association For Disabled (MILAD), a non-profit organisation dedicated to promoting inclusivity for individuals with disabilities, and donated RM5,000 to Malaysian Federation for the Deaf (MDF) in conjunction with Taska Istika Jaya Children's Day, through a charity programme organised by Malaysia Steel Institute. Parkson Credit sponsored the stationery sets and meals for the children and teachers at the event.

In a notable demonstration of their commitment to the preservation of wildlife, Parkson Credit, together with its network of motorcycle dealers, sponsored the care of two Malayan Tapirs at Zoo Negara for a one-year period. Parkson Credit's contribution of RM26,645 covers the maintenance, feeding and upkeep of one tapir while the motorcycle dealers contributed a similar amount for the second tapir which is an endangered species. Parkson Credit also organised a blood donation in partnership with National Blood Centre in December 2023 as part of its CSR initiatives.

Parkson entertains requests from students of related retail and business courses from local institutes of higherlearning to visit its stores, and welcome them and stakeholders to a tour of the stores to provide them with insights and hands-on experience in the retail industry.

In February 2023, Hogan Bakery staff visited Angels Children's Home in Taman Overseas Union, Kuala Lumpur with food and drinks, and celebrated the birthday of those born in February.


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CORPORATE GOVERNANCE REPORT

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

This Corporate Governance Report describes the Group's corporate governance practices and sets out the manner in which the Group has applied the principles, and the extent of compliance, with the principles and provisions of the Code of Corporate Governance 2018 ("**Code**") and the accompanying Practice Guidance issued on 6 August 2018 and last amended on 14 December 2023, which form part of the continuing obligations under the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**Listing Manual**") and where applicable, the Listing Rules. Where there have been deviations from any provision of the Code, appropriate explanations have been provided in this Corporate Governance Report for the variation and how the practices adopted by the Group are consistent with the intent of the relevant principle of the Code. This report should be read in totality, instead of being read separately under each principle of the Code.

In the opinion of the Board of Directors of the Company (each a "**Director**", and collectively the "**Board**" or "**Directors**"), the Company has generally complied with all of the principles set out in the Code for the financial year ended 31 December 2023 ("**FY2023**").

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

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

Director's conflict of interest

All Directors of the Board exercise due diligence and independent judgement in discharging their duties and responsibilities at all times as fiduciaries who act objectively in the best interests of the Company. Where there are circumstances in which a Director has a conflict of interest or it appears that the Director might have a conflict of interest in relation to any matter, the Director concerned will disclose such conflict of interest and recuse himself from participating in the discussions and decisions of the matter. Such compliance will be recorded in the minutes of meeting or in the Board resolutions.

CORPORATE GOVERNANCE REPORT

Matters requiring Board's approval

Matters reserved for the Board's decisions include approving the Group's broad policies, strategic business plans, annual budget, material acquisitions, investments and divestments, capital commitment above certain set threshold, interested person transactions, declaration and payment of interim dividends and final dividends, quarterly/yearly financial results and any announcement which is required to be released to the SGX-ST.

Appointment of Directors and key management personnel, and their remuneration and compensation packages are also matters that require the approval of the Board.

The matters which require the Board's approval are clearly communicated to Management in writing, and the Company's Compliance Manual, which is reviewed regularly by the Board, sets out all such matters which require the Board's approval.

Delegation by the Board

The Board has formed and delegated specific responsibilities to three Board committees, namely the Audit Committee ("**AC**"), the Nominating Committee ("**NC**") and the Remuneration Committee ("**RC**"), to assist the Board in discharging its duties and responsibilities in the interests of the Company.

Each of the Board committees reports to and is monitored by the Board, and has its own clear written terms of references setting out their compositions, authorities and duties ("**Terms of Reference**"). The Board accepts that while these Board committees have the authority to examine specific issues which are set out in their respective Terms of Reference and will report to the Board with their decisions and/or recommendations, the ultimate responsibility on all matters lies with the Board.

Board processes, including Directors' attendance at meetings

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

The AGM and the number of Board and Board committees meetings held in FY2023 (i.e. from 1 January 2023 to 31 December 2023) and the attendance of the Directors at the meetings are as follows:

	Board of Directors		AC		NC		RC		AGM
	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	4/4	-	-	M	1/1	-	-	1/1
Cheng Hui Yuen, Vivien	M	4/4	-	-	-	-	-	-	1/1
Independent Directors									
Michael Chai Woon Chew	M	4/4	C	4/4	C	1/1	M	1/1	1/1
Datuk Koong Lin Loong	M	4/4	M	4/4	M	1/1	C	1/1	1/1
Sam Chong Keen	M	4/4	M	4/4	-	-	M	1/1	1/1

Legend:
C – Chairman
M – Member

There was no extraordinary general meeting of the Company held during FY2023.

Induction, training and development of Directors

A formal letter will be given to each new Director upon his/her appointment, setting out the Director's roles, duties, obligations and responsibilities, and the expectations of the Company. Incoming Directors, when appointed, will undergo an orientation programme that includes briefings by Management on the Group's structure, businesses, operations, and policies. Each new Director who has no prior experience as a director of a listed company would attend trainings on the 'Listed Entity Directors Programme' conducted by the Singapore Institute of Directors and supported by the SGX-ST, and other relevant courses to equip him with the skills and knowledge to execute their duties as directors effectively and to familiarise himself with the roles and responsibilities of a director of a listed company. All Directors are also given the opportunity to visit the Group's operational facilities and meet with the management team.

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

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

CORPORATE GOVERNANCE REPORT

Complete, adequate and timely information

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

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

Annual budgets are presented to the Board for approval and adoption, and subsequently at the quarterly Board meetings, the variances between projections and actual results are tabled for the Board's review. If needed, the AC or the Board may request for re-forecasts or revised budgets to be presented. Monthly management accounts are made available to Directors upon their request.

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. Management provides the Executive Directors ("**ED**") with monthly financial reports which are also made available to the Non-Executive Directors ("**NED**") upon their request. Additional or ad-hoc meetings are conducted when required.

Independent access to Management, Company Secretary and professional advice

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

The Company Secretary(ies) and/or their assistants attend all meetings of the Board and Board committees and ensure that the Board and Board committees procedures are followed and that applicable rules and regulations are complied with. The Company Secretary(ies) are responsible for ensuring good information flows within the Board and its Board committees and between Management and the NEDs, advising the Board on corporate and administrative matters as well as facilitating orientation and assisting with professional development as required.

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

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

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

Composition of (i) Independent Director; and (ii) Non-Executive Directors, on the Board

There were no changes in the Board composition during FY2023.

As at the date of this report, the Board comprises three Independent Directors ("**IDs**") and two EDs. The Company had maintained a satisfactory independent element on the Board with majority of the Board comprising IDs that sufficiently enabled it to exercise objective judgment and no individual or group of individuals dominate the Board's decision-making process. It was therefore compliant with Provision 2.2 of the Code which provides that IDs make up a majority of the Board where the Chairman of the Board ("**Chairman**") is not independent and Provision 2.3 that NEDs make up a majority of the Board.

Directors' independence review

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

(a) the NED, or the NED whose immediate family member, in the current or immediate past financial year, providing to or receiving from the Company or any of its related corporations any significant payments or material services (which may include auditing, banking, consulting and legal services), other than compensation for board service. The amount and nature of the service, and whether it is provided on a one-off or recurring basis, are relevant in determining whether the service provided is material. As a guide, payments aggregated over any financial year in excess of S$50,000 should generally be deemed significant;

(b) the NED:

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

    (ii) whose immediate family member, in the current or immediate past financial year, is or was,

    a substantial shareholder (as defined in the Securities and Futures Act 2001) of, or a partner in (with 5% or more stake), or an executive officer of, or a director of, any organisation 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), or with which the Company or any of its related corporations had any business relationships. As a guide, payments aggregated over any financial year in excess of S$200,000 should generally be deemed significant;

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

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

None of the NEDs has or had any relationships or circumstances as prescribed above. Based on the foregoing assessment, the Board and the NC are of the view that each of the NEDs (being all of the IDs on the Board) are independent and accordingly the Company had maintained a satisfactory independent element on the Board, for FY2023.

Composition of the Board and Board Committees, and Board Diversity Policy

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

The Board has adopted a Board Diversity Policy as it recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of the Board's performance. The main objective of the Board Diversity Policy is to maintain the appropriate balance of skills, experience, age, gender, cultural background, knowledge, competencies, tenure and independence on the Board to support the long-term success of the Company. The Board Diversity Policy identifies key metrics of diversity in respect of gender, skills and experience, tenure, independence and age as further elaborated below.

Gender: In recognition of the importance and value of gender diversity in the composition of the Board, the Company targets to have at least 20% representation of female directors on the Board. The Board currently has one female director, Ms. Cheng Hui Yuen, Vivien ("**Ms Vivien Cheng**"), representing 20% of total Board membership and has met this target.

Age and Tenure: In addition, the Board is of the view that fair representation of directors of different age and tenure can bring fresh and holistic perspectives and different life experiences to the Board, whilst maintaining an overall level of maturity and experience in thinking. As such, the Company targets to have a fair representation of directors of different ages and tenures whilst maintaining an average age of 60 to 65 years. Currently, the Board consists of directors with ages ranging from mid-30s to early-80s, who have served on the Board for different tenures. The Board members with their combined business, management and professional experience, knowledge and expertise, provide the core competencies to allow for diverse and objective perspectives on the Group's business and direction.

Skills and Experience: Diversity of skills and experience on the Board brings greater resources to problem solving and skills that support the duty of the Board to monitor corporate performance and provide strategic insight and as such is a key metric under the Board Diversity Policy. Currently, the Board members have an appropriate balance of skills and experience, 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 Vivien Cheng, who has merchandising experience, has been mentored and guided by her father, Tan Sri Cheng Heng Jem ("**Tan Sri Cheng**") who is the Chairman. Mr Michael Chai Woon Chew ("**Mr Michael Chai**") brings with him legal expertise. Datuk Koong Lin Loong ("**Datuk Koong**") who has his own company, brings with him knowledge on tax matters. Mr Sam Chong Keen ("**Mr Sam**") brings with him a wealth of management experience, having held senior positions in both the Singapore government and private sectors. The Chairman founded Parkson and he has other successful businesses, a few of which are also listed on recognised stock exchanges. In particular, the IDs, although not directly involved in the retail business, have good commercial exposure and possess various professional expertise, and have always given their opinions and advice from different perspectives for the executive directors/management to consider and evaluate.

Independence: A balanced board of independent and non-independent representation can bring external expertise and allows for unbiased decision making. In recognition of this, the Board Diversity Policy commits to having a 60% independence representation on the Board, beyond the prescribed minimum under the Listing Manual and the Code. Currently, the Board has three IDs (being Mr Michael Chai, Datuk Koong and Mr Sam), constituting 60% of the Board membership.

Under the Board Diversity Policy, the NC reviews and assesses the composition of the Board with a view to achieving an appropriate balance of diversity and mix of skills, experience, gender, age and the core competencies of accounting, legal and regulatory, business or management experience and industry knowledge to avoid groupthink and foster constructive debate. The NC makes recommendations to the Board on the appointment of new directors, taking into consideration all aspects of diversity, including but not limited to skills, experience, background, gender, age, ethnicity and other relevant factors which may be applicable to the Company's business, such as retail experience/exposure. The NC will review the structure, size, balance and diversity of the Board annually and propose any changes to the Board to complement the objectives and strategies of the Company and in this regard review and report to the Board annually the objectives and progress made in achieving an appropriately diverse board composition.

The NC recently conducted its assessment for FY2023 and is 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. The NC and the Board remain committed to implementing its Board Diversity Policy and the NC will continue to review the Board Diversity Policy to ensure its effectiveness, and will recommend appropriate revisions to the Board for consideration and approval.

The Board is of the view that whilst promoting boardroom diversity is essential, the normal selection criteria of a Director, based on an effective blend of competencies, skills, extensive experience and knowledge to strengthen the Board, should remain a priority. When assessing Board composition or identifying suitable candidates for appointment or re-endorsement to the Board, the NC will also consider candidates on merit against objective criteria set by the Board, having due regard to the overall balance and effectiveness of the Board.

Role of the Non-Executive Directors and/or Independent Directors

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

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

To facilitate a more effective check on Management, NEDs are encouraged to meet regularly without the presence of Management. The NEDs who were not involved in the operations of the Group had met several times in FY2023 without the presence of Management, and held constant informal discussions amongst themselves. Any feedback would be provided to the Board and/or Chairman of the Board as appropriate.

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

Chairman and CEO

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 is the Executive Chairman. The position of the Group CEO is currently vacant.

The division of responsibilities between the role of Chairman and the role of the Group CEO are set out in writing and endorsed by the Board. The Chairman leads the Board in adhering to and maintaining a high standard of corporate governance with the full support of the Directors and Management. He is responsible for, among others, ensuring effective communication with shareholders and other stakeholders, setting the Board agenda and conducting effective Board meetings, as well as ensuring that the culture in the boardroom promotes open interaction and contributions by all. As the Chairman of the Board, he approves the agenda of each Board meeting and ensures material complete and adequate information is provided to the Board timely to facilitate decision-making. He promotes a culture of openness and debate during Board meetings and facilitates the effective contribution of all Directors at Board meetings, and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. 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.

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

Although the roles and responsibilities of both the Executive Chairman and the CEO are vested in Tan Sri Cheng despite not being designated as the Group CEO, being a deviation from the provision 3.1 of the Code, the Board believes that vesting the roles of both Executive Chairman and CEO in the same person who is knowledgeable in the business of the Group provides the Group with a strong and consistent leadership and thus allows for more effective planning and execution of long-term business strategies. Nonetheless, any major decisions made by Tan Sri Cheng are required to be reviewed and approved by the Board. Should Tan Sri Cheng face any conflict of interest in the proposed transaction, he is required to recuse himself from discussions and decisions involving the issues of conflict. He is also required to avoid situations in which his own personal or business interests directly or indirectly conflict, or appear to conflict, with the interests of the Group.

As such, consistent with the intent of principle 3 of the Code, the Board is of the opinion that there are adequate safeguards and checks in place to ensure that the process of decision-making by the Board is independent and based on collective decision without any individual exercising any considerable concentration of power of influence and the following factors sufficiently ensure that power is not concentrated in the hands of one individual and that there is the required accountability and independent decision-making by the Board is maintained:

(a) The Independent Directors of the Company make up a majority of the Board;

(b) There is active participation by Independent Directors during Board meetings who challenge the assumptions and proposals of Management on all relevant issues affecting the affairs and the business of the Group, review the performance of Management and monitor the reporting of performance; and

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(c) A Lead Independent Director has been appointed to address shareholder concerns which have not been resolved through the normal channels of the Executive Chairman, Executive Directors or CFO for which such contact is inappropriate. The Lead Independent Director also acts as the principal liaison between the Independent Directors and the Chairman on sensitive issues.

Accordingly, there is a balance of power and authority and, therefore, no one individual has unfettered powers and can control/dominate the decision-making process of the Company.

Lead Independent Director

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

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

NC's duties and composition

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

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

Michael Chai Woon Chew – Chairman (Lead ID)
Datuk Koong Lin Loong – Member (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 to take into account any regulatory changes. The duties and responsibilities of the NC include the following:-

- reviewing appointments and re-appointments to the Board and the Board committees and candidates for senior management positions;
- reviewing Board succession plans for Directors, in particular, the Chairman and the Group CEO, and key management personnel;
- reviewing and monitoring the implementation of the Board Diversity Policy;
- developing a process and criteria for evaluation of the performance of the Board, the Board committees and individual Directors;
- reviewing the training and professional development programmes for the Directors;
- determining annually, and as and when circumstances require, if a Director is independent;

- ensuring that new directors are aware of their duties and obligations; and
- determining if a Director is able to and has been adequately carrying out his/her duties as a Director of the Company.

The principal activities of the NC during FY2023 are summarised below:

a. reviewed and determined the independence of each ID and the AC members;

b. facilitated the annual evaluation of the performance of the Board, Board committees and individual Directors and reviewed with the Board the results of such evaluation;

c. reviewed and recommended the nominations of Directors for re-election at the AGM;

d. reviewed the size, composition and the diversity of the Board and Board committees; and

e. reviewed the Board Diversity Policy pursuant to Rule 710A of the Listing Manual.

Process for selection and appointment of new Directors, and re-appointment/re-election of Directors

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

In considering new appointment and re-appointment/re-election of Directors, the NC will consider important issues including the composition of the Board, the need to have progressive Board renewal, the individual Director's competencies, commitment, contribution and performance (for example, attendance, preparedness, participation and candour) to the Board.

All Directors appointed to the Board are required to submit themselves for re-election at regular intervals. The Company's Constitution provides that at each AGM, one-third of the Directors who have served the longest since their most recent election (or, if the number of Directors is not a multiple of three, the number nearest to but not less than one-third) must retire from office and may stand for re-election at that AGM. Each Director must retire from office and stand for re-election at least once every three years. The Company's Constitution further provides that a Director who is newly appointed by the Board since the last AGM will have to retire at the forthcoming AGM. The NC member will abstain from deliberating and voting on his/her own nomination for re-election, and that of another Director who is related to him/her.

In accordance with Article 91 of the Articles of Association comprising part of the Constitution ("**Constitution**") of the Company, Ms. Vivien Cheng and Mr Sam will retire at the forthcoming AGM. Being eligible, Ms Vivien Cheng and Mr Sam have submitted themselves for re-election. In this regard, the NC, having considered the attendance and participation of Ms Vivien Cheng and Mr Sam at the Board meetings, in particular, their contribution to the business and operations of the Company, has recommended their re-election. The Board has concurred with the NC's recommendation.

Information relating to the Directors, including those seeking re-election, detailing their qualification, directorships in other listed companies, their appointment to the Board of the Company and the date of their last re-election can be found on pages 154 to 160 of this Annual Report.

Review of Directors' Independence

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

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

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

The Company was listed on the SGX-ST on 03 November 2011 and none of the IDs have served on the Board for more than nine (9) years. The Company will ensure its compliance, where necessary, to Rule 210(5)(d)(iv) of the Listing Manual, which provides that a director will not be independent if he has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing).

Directors' time commitments and multiple Directorships

In the event that a Director has multiple board representations or other principal commitments, the NC will determine whether or not a Director is able to and has been adequately carrying out his/her duties as a Director of the Company. The NC and the Board are of the view that, setting a maximum number of listed company board representations a Director may hold is not meaningful. The contribution of each Director would depend on his/her individual circumstances, including whether or not he/she has a full time vocation or other responsibilities, his/her individual capabilities and the nature and the complexity of the organisations in which he/she holds appointments. The NC, with the concurrence of the Board, was satisfied that each of the Directors is able to and had adequately carried out his/her duties as a Director of the Company in FY2023, and had given sufficient time and attention to the affairs of the Company, as evident from the attendance records disclosed under Principle 1 above. Thus, in assessing each Director's ability to discharge his or her duties diligently and adequately, the Board will also consider, amongst other factors, contributions by Directors during Board and Board Committees' meetings, and their attendance at such meetings, in addition to each of their principal commitments set out in the "Board of Directors' section of this annual 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 a medical emergency. If the appointment of an alternate Director is deemed necessary, the NC would ensure that the alternate Director is appropriately qualified, knows the duties and responsibilities of a Director, and is familiar with the Group's business affairs.

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

Assessments of the Board, the Board Committees and individual Directors

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

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

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

The Board, Board committees and individual Directors' evaluations for FY2023 were conducted in February 2024 in accordance with the procedures adopted by the Board. No external facilitator/consultant was engaged to assist with this performance evaluation exercise. The Board was satisfied that the Board as a whole and its Board committees were effective and that each and every Director had demonstrated their commitment to and had contributed to the effective functioning of the Board and the Board committees.

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

RC's duties and composition

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

Datuk Koong Lin Loong – Chairman (ID)
Michael Chai Woon Chew – Member (Lead ID)
Sam Chong Keen – Member (ID)

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

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

The principal activities of the RC during FY2023 are summarised below:

(a) reviewed and recommended the remuneration of EDs and key management personnel of the Group and those employees who are substantial shareholders of the Company, or are immediate family members of any Director or a substantial shareholder of the Company (if any) for the financial year under review; and

(b) reviewed and recommended Directors' fees.

Remuneration framework and engagement of remuneration consultants, if any

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 FY2023.

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

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

Level and mix of remuneration

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

Framework for remuneration of Executive Directors and key management personnel

The Company had on 12 October 2011 adopted the Parkson Retail Asia Limited Employee Share Option Scheme (the "**ESOS**") which was 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. The Company has not granted any share options under the ESOS and the ESOS had expired on 11 October 2021.

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

Remuneration of Non-Executive Directors

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

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

The Directors' fee structure is as follows:

Fee Structure (annual basis) for FY2024		
Board	Audit Committee	
Members	Chairman	Members
S$33,000	S$6,000	S$3,000

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

The RC had recommended to the Board a maximum amount of S$250,000 as the total Directors' fees to be paid for the financial year ending 31 December 2024 payable quarterly in arrears (FY2023: S$250,000). This recommendation will be tabled for shareholders' approval at the AGM.

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

Director's remuneration/fees and remuneration of the Executive Directors

A breakdown, showing the level and mix of each individual Director's remuneration for FY2023 is as follows:

	Fee & Allowance	Salary	Variable Bonus	Contribution to Defined Contribution Plan	Benefits	Total	Total
	%	%	%	%	%	%	S$'000
Executive Directors							
Tan Sri Cheng Heng Jem	100	-	-	-	-	100	35.0
Cheng Hui Yuen, Vivien	100	-	-	-	-	100	35.0
Non-Executive Directors							
Michael Chai Woon Chew	100	-	-	-	-	100	41.0
Datuk Koong Lin Loong	100	-	-	-	-	100	38.0
Sam Chong Keen	100	-	-	-	-	100	38.0
							187.0

The remuneration (individually within the band of S$250,000) of the top four key management personnel for FY2023 (excluding the Directors and the Group CEO) is disclosed in the table below:

	Salary	Variable Bonus	Contribution to Defined Contribution Plan	Benefits	Total
	%	%	%	%	%
Key Management Personnel					
Law Boon Eng	65	29	4	2	100
Natalie Cheng Hui Yen	65	20	10	5	100
Chong Lee Mei	70	19	11	-	100
Jocelyn Tee Chiew Ying	74	15	11	-	100

The Board is cognisant of the requirements under Provision 8.1(b) of the Code for listed issuers to disclose the breakdown of the remuneration of at least the top five key management personnel (who are not directors or the CEO) in bands no wider than S$250,000. Notwithstanding Provision 8.1(b) of the Code, as there were only four key management personnel (who are not directors or the CEO) during FY2023, disclosure is only made in respect of the remuneration of these four key management personnel. After careful consideration, the Board had decided and is of the opinion that it is in the best interests of the Group not to fully disclose the breakdown of the remuneration of the top four key management personnel in view of the confidentiality of remuneration matters and as the Board believes that such disclosure may be prejudicial to the Group's business interests given the competitive environment it is operating in as well as the disadvantages this might bring. Instead, the disclosures have been provided in applicable band of S$250,000 above, with a breakdown in percentage of the remuneration earned through salary, variable bonus, contribution to defined contribution plan and other benefits.

For FY2023, the aggregate total remuneration paid to the top four key management personnel (excluding the Directors) was S$537,000.

Despite having varied from provision 8.1(b) of the Code, the Board is of the view that consistent with the intent of principle 8 of the Code, information provided in this Corporate Governance Report regarding the Company's remuneration policies is sufficient to enable shareholders to understand the link between remuneration paid to the top four key management and their performance, including, specifically, details in relation to the setting of key performance indicators for key management personnel and how this affects their remuneration package. The Company is accordingly of the view that the above disclosure of the top four key management does not compromise the ability of the Company to meet with the requirement of having good corporate governance, especially considering that the RC also reviews the remuneration package of such key management personnel to ensure that they are fairly remunerated.

Remuneration of employees who are substantial shareholders of the company, or are immediate family members of a director, the CEO (if applicable) or a substantial shareholder of the company

Ms Cheng Hui Yen, Natalie, who is the daughter of Tan Sri Cheng, the Executive Chairman and a substantial shareholder, has an employment relationship with a subsidiary of the Company, and has received remuneration (comprising salary, variable bonus, contribution to defined contribution plan and other benefits) within the band of S$100,000 to S$150,000 in FY2023. The basis for determining her remuneration was the same as the basis for determining the remuneration of other employees. Save as disclosed, there are no employees who have relationship with the Directors, CEO or substantial shareholder.

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

Details of employee share schemes

The Company had on 12 October 2011 adopted the ESOS, representing share-based incentive options of the Company, which was 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.

No options under the ESOS have been granted since its inception and the ESOS had since expired on 11 October 2021.

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

Maintenance of a sound risk management system and internal controls

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

CORPORATE GOVERNANCE REPORT

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

For FY2023, the AC received the Risk Management Report on a half-yearly basis and the key risks were discussed at the AC meetings where the Risk Management Report is presented.

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.

<u>Written assurance regarding (i) financial records and financial statements; and (ii) adequacy and effectiveness of the Group's Internal Control and Risk Management Systems</u>

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

(a) from the Executive Chairman and CFO that as at FY2023, the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and

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

<u>Rule 1207(10) of the Listing Manual</u>

The Board, with the concurrence of the AC, is of the opinion that, based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, reviews performed by the Management, the various Board committees and the Board and the written assurance from the Executive Chairman and CFO, the Group's risk management and internal controls systems addressing key financial, operational, compliance and information technology controls, and risk management systems were adequate and effective as at 31 December 2023 and where certain weaknesses were identified, these have been addressed by the Management. No material weaknesses were identified for FY2023.

It should be noted that the system of internal controls and risk management can provide only reasonable, but not absolute, assurance against financial misstatements or loss, and of safeguarding of assets, maintenance of proper accounting records, reliability of financial information and compliance with all relevant legislation. The Board will continue its on-going risk assessment process with a view to improve the Company's internal controls system.

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

Duties and composition of the AC

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

Michael Chai Woon Chew – Chairman (Lead ID)
Datuk Koong Lin Loong – Member (ID)
Sam Chong Keen – Member (ID)

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

- reviewing the significant financial reporting issues and judgements to ensure the integrity of the financial statements and any formal announcements relating to the Company's financial performance;

- reviewing the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditor;

- reviewing and reporting to the Board, at least annually, on the adequacy and effectiveness of the Group's internal controls and risk management systems addressing key financial, operational, compliance and information technology controls, including procedures for entering into hedging transactions, and risk management policies and systems established by Management ("**internal controls and risk management systems**"), ensuring that such review of the effectiveness of the internal controls and risk management systems is conducted at least annually;

- reviewing the assurances received from the Executive Chairman and CFO on the financial records and financial statements;

- reviewing, with the external auditor, the adequacy, effectiveness, independence, scope and results of the external audit, including the external auditor's evaluation of the system of internal accounting controls in the course of the audit of the Group's financial statements;

- reviewing the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

- reviewing the adequacy, effectiveness, independence, scope and results of the Group's internal audit function;

- appraising and reporting to the Board on the audits undertaken by the external auditor and internal auditor, the adequacy of disclosure of information, and the appropriateness and quality of the system of management and internal controls; and

- making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

CORPORATE GOVERNANCE REPORT

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

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

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

Mr Michael Chai, the AC Chairman, is a partner of a legal firm serving a wide range of large multinationals, public limited companies as well as private businesses, financial institutions and individuals. Datuk Koong is the Managing Partner of Reanda LLKG International and the CEO of K-Konsult Taxation Sdn Bhd. Mr Sam, having held in senior/CEO positions in various companies/industries, has a wealth of management experience. Please refer to the profile of the Directors in the "Board of Directors" section in this Annual Report.

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

The AC held four meetings in FY2023. All of these meetings were attended by the key management personnel at the invitation of the AC. The Group's external auditor was also present at these meetings. The principal activities of the AC during FY2023 are summarised below:

a. met with the external and the internal auditors without the presence of the EDs and Management at least once in FY2023 (i.e., on 21 February 2023);

b. reviewed the Group's quarterly and full-year results announcement, the financial statements of the Company and the consolidated financial statements of the Group and the auditor's report on the annual financial statements of the Group and Company for FY2023 prior to making recommendations to the Board for approval;

c. reviewed the announcement on quarterly update pursuant to Rule 1313(2) of the Listing Manual on Watch-List;

d. reviewed the audit plan and audit report of the internal auditors and external auditors and assessed the adequacy of the internal control and risk management systems as well as the level of the co-operation given by Management to the internal auditors and external auditors;

e. reviewed the breakdown of audit and non-audit services provided by the external auditors for the financial period under review to determine if the provision of such non-audit services would affect the independence of the external auditors and to obtain confirmation of independence from the external auditors;

f. recommended to the Board for re-appointment of external auditors for the ensuing year;

g. received the Risk Management Report and reviewed key risks;

h. reviewed whether the internal audit function is independent, effective and adequately resourced;

i. considered the adequacy and effectiveness of the Group's internal control and and risk management systems for the financial period under review. Where any material weaknesses are identified, reviewed the steps taken to address them;

j. reviewed whistle blowing reports, if any; and

k. reviewed the Group's interested person transactions ("**IPTs**") to ensure that the transactions were carried out on normal commercial terms and not prejudicial to the interests of the Company and its minority shareholders.

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

Whistle blowing (Rule 1207(18A) and (18B) of the Listing Manual)

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 is responsible for oversight and monitoring of whistle-blowing and 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 Chairman of the AC, 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 Group ensures that the identity of the whistle blower is kept confidential unless the disclosure of the identity is required by any applicable law. The Group also commits to ensure protection of the whistle blower against detrimental or unfair treatment.

The AC, having reviewed the audit and non-audit fee of the external auditor, Foo Kon Tan LLP, for FY2023, is of the opinion that the independence or objectivity of the external auditor is not compromised in this regard. The external auditor has affirmed its independence in this respect. The aggregate amount of fees paid/payable by the Group to the Company's external auditor are as follows:-

	31 December 2023	
	S$'000	**%**
Audit services	164	97
Non-audit services	5	3
	169	100

The Board and the AC, having reviewed the adequacy of the resources and experience of Foo Kon Tan LLP, the audit engagement partner assigned to the audit, Foo Kon Tan LLP's other audit engagements, the size and complexity of the Group, and the number and experience of supervisory and professional staff assigned to the audit, were satisfied that the Group had complied with Rule 712 of the Listing Manual.

The AC has recommended the re-appointment of Foo Kon Tan LLP as external auditor at the Company's forthcoming AGM.

Pursuant to Rule 716 of the Listing Manual, the AC and Board confirmed that they are satisfied that the appointment of different auditors for certain of its subsidiaries as disclosed under Note 5 of the notes to financial statements would not compromise the standard and effectiveness of the audit of the Group.

Accordingly, 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.

Internal Audit and Rule 1207(10C) of the Listing Manual

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

The internal audit team, which is independent of the Group's daily operations and accounting functions, has unfettered access to all of the Group's documents, records, properties and personnel. The Chief Auditor is responsible for establishing the Group's internal control framework, covering all material controls including financial and accounting matters, operational and compliance controls. The internal control framework also provides for identification and management of risk, including controls in the critical IT system. The internal audit team is adequately resourced and staffed with persons with the relevant qualifications and experience. For FY2023, the number of internal audit personnel was five (5), comprising members of Associated of Chartered Certified Accountants, the Institute of Internal Audit Malaysia and degree holders from background such as accounting, finance and audit.

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

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

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

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

For FY2023, the AC is satisfied that the internal audit function was independent, effective and adequately resourced, with appropriate standing within the Group.

CORPORATE GOVERNANCE REPORT

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

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

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

<u>Participation and voting at general meetings of the shareholders</u>

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

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

A shareholder who is unable to attend the general meeting may appoint a proxy(ies) to vote on his/her behalf. Pursuant to the amendments to the Companies Act 1967, a member which is a relevant intermediary (as defined in the Companies Act 1967), which generally includes Singapore banks and nominee or custodial service providers, as well as the Central Provident Fund Board, may appoint more than two proxies to attend, speak and vote at the AGM, provided that each appointed proxy represents a different share or shares held by such member. Other shareholders are allowed to appoint up to two proxies to attend the general meetings.

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

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

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

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

The Company will also prepare minutes of general meetings that include substantial comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and will make such minutes available to shareholders by posting the minutes on the SGXNET and the Company's website at https://parkson.com.sg/investor-relations/announcements/ within one month after the general meeting.

Following the legislative amendments and taking into account the SGX guidance, the forthcoming AGM in respect of FY2023 will be held physically at Crowne Plaza Changi Airport, Alstonia, Level 2, 75 Airport Boulevard, Singapore 819664 on 26 April 2024 at 10.30am. Shareholders will be able to raise questions and vote in person at the AGM. There will be no option for shareholders to participate virtually. Arrangements relating to attendance at the forthcoming AGM, submission of questions to the Chairman of the Meeting in advance of, or at, the AGM, and voting at the AGM by shareholders or their duly appointed proxy(ies), are set out in the Notice of AGM.

Alternative arrangements for the conduct of general meetings

To minimise physical interactions and COVID-19 transmission risks, the COVID-19 (Temporary Measures) (Alternative Arrangement for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trust and Debenture Holders) Order 2020 ("**Order**") came into force in 2020. The Order provides for alternative arrangements for, amongst others, listed companies in Singapore to hold their general meetings other than physical means.

The Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation had jointly issued an Additional Guidance on the Conduct of General Meetings During Elevated Safe Distancing Period and checklist, which was based on the Alternative Arrangements Order and as updated from time to time ("**Joint Checklist**"). Such legislation allows entities to hold general meetings via electronic means amid the COVID-19 situation.

Consequently, the Company had held AGMs for the financial years ended 31 December 2020, 31 December 2021 and 31 December 2022 ("**FY2020 to FY2022 AGMs**") by way of electronic means/virtual-only format pursuant to the Order and the Joint Checklist.

Notwithstanding that shareholders of the Company were not allowed to attend the FY2020 to FY2022 AGMs in person, alternative arrangements had been put in place to allow shareholders to participate at the AGM by (a) observing and/or listening to the AGM proceedings via the "live" audio-and-video webcast and "live" audio feed (Live Webcast); (b) submitting questions in advance of the AGM; (c) submitting text-based questions via the Live Webcast at the AGM; and (d) live voting or appointing proxy(ies) to attend and vote on their behalf at the AGM, in accordance with the instructions set out in the notice of the respective AGMs. The Board and Management also addressed all relevant and substantial questions and published its responses to those questions on the Company's website and SGXNET at least 48 hours prior to the closing date and time for the lodgment of the proxy forms, if any. The minutes of the FY2020 to FY2022 AGMs were published on the Company's website and SGXNET within one (1) month after these AGMs.

The Order ceased on 1 July 2023.

Dividend Policy

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 FY2023 in view of that the Group is currently in a net current liabilities position.

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

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

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

The Board welcomes the view of shareholders on matters affecting the Group, whether at shareholders' meetings or on an ad-hoc basis. Other than communicating with members of the Board and key management personnel at general meetings, the shareholders may contact the Company through corpcomm@parkson.com.my on any investor relations matters. The Company strives to respond within 3 to 5 working days upon receipt of these emails. The Company's website at www.parkson.com.sg is another channel to solicit and understand the views of the shareholders.

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

Identification and engagement with material stakeholder groups, including managing relationships with such groups

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

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

Dissemination of material information and Corporate website

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

ADDITIONAL INFORMATION

DEALINGS IN SECURITIES

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

MATERIAL CONTRACTS

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

INTERESTED PERSON TRANSACTIONS

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 FY2023. The aggregate value of the material IPTs between the Group and the interested persons for FY2023 are as follows:-

Name of interested person	Nature of Relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) S$'000	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000) S$'000
Lion Corporation Berhad (1)	Associate of Tan Sri Cheng Heng Jem, a director and controlling shareholder of the Company ("**Tan Sri Cheng**")	-	4,019
Parkson Holdings Berhad Group (2)	Associate of Tan Sri Cheng	124(i)*	4,081(ii)
Lion Posim Berhad (3)	Associate of Tan Sri Cheng	-	296
Visionwell Sdn Bhd (4)	Associate of Tan Sri Cheng	-	206

Notes:

(1) (a) Marketing fee payable for bonus points issued and amount received/receivable for point redemption made by cardholders totaling S$3.824 million; and

(b) Purchase of equipment, furniture and fittings, security equipment and procurement of security service totaling S$0.195 million;

(2) (i) (a) Interest expense of S$0.014 million in relation to loan obtained from the ultimate holding company; and

(b) Royalty expense totaling S$0.110 million.

(ii) (a) Rental and management fee totaling S$0.447 million; and

(b) Net purchase of merchandise, concessionaire sales and sale of gift vouchers totaling S$3.634 million.

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

(4) Rental of office space.

* Royalty expense and interest expense payable to Parkson Holdings Berhad Group had at the extraordinary general meeting held on 29 April 2022 been approved by shareholders as specific IPTs. Accordingly, such IPTs would be regarded as mandated specific IPTs with effect from April 2022.

DIRECTORS' STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The directors are pleased to present their statement to the members together with the audited financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") for the financial year ended 31 December 2023.

In the opinion of the directors,

(a) the consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year ended on that date in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International); and

(b) at the date of this statement, having regards to the information as disclosed in Note 2(a) to the financial statements, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

The Board of Directors has, on the date of this statement, authorised these financial statements for issue.

Directors

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

Tan Sri Cheng Heng Jem
Cheng Hui Yuen, Vivien
Michael Chai Woon Chew
Datuk Koong Lin Loong
Sam Chong Keen

Arrangements to enable directors to acquire benefits by means of the acquisition of shares or 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 in, or debentures of, the Company or any other body corporate.

DIRECTORS' STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Directors' interest in shares or debentures

According to the register of directors' shareholdings kept by the Company under Section 164 of the Act, none of the directors who held office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Direct interest		Deemed interest	
The Company -	As at	**As at**	As at	**As at**
Parkson Retail Asia Limited	1.1.2023	**31.12.2023**	1.1.2023	**31.12.2023**
(Number of ordinary shares)				
Tan Sri Cheng Heng Jem	500,000	**500,000**	457,933,300	**457,933,300**
The ultimate holding company -				
Parkson Holdings Berhad				
(Number of ordinary shares)				
Tan Sri Cheng Heng Jem	286,923,039	**286,923,039**	339,994,089	**339,994,089**
Related corporation -				
Parkson Retail Group Limited				
(Number of ordinary shares of HKD0.02 each)				
Tan Sri Cheng Heng Jem	-	**-**	1,448,270,000	**1,448,270,000**

The immediate holding company of the Company is East Crest International Limited ("ECIL"). Parkson Holdings Berhad ("PHB") is the sole shareholder of ECIL and as such, is deemed to be interested in the shares of the Company held by ECIL. Tan Sri Cheng Heng Jem has a direct interest in 24.97% and a deemed interest in 29.60% of the voting shares in 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 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 January 2024.

Share options

No options to take up unissued shares of the Company or any subsidiaries have been granted during the financial year.

No shares were issued during the financial year to which this report relates by virtue of the exercise of the options to take up unissued shares of the Company or any subsidiary.

There were no unissued shares of the Company or any subsidiaries under option at the end of the financial year.

Audit Committee

The Audit Committee during the financial year and at the date of this statement comprises the following members, all of whom are independent and non-executive directors of the Company:

Michael Chai Woon Chew (Chairman)
Sam Chong Keen
Datuk Koong Lin Loong

The Audit Committee performs the functions set out in Section 201B(5) of the Act, the SGX Listing Manual and the Code of Corporate Governance. The functions performed are detailed in the Corporate Governance Report in the Annual Report.

In appointing the auditors of the Company, the subsidiaries and the significant associated companies, Rules 712 and 715 of the SGX Listing Manual have been complied.

Independent auditor

The independent auditor, Foo Kon Tan LLP, Public Accountants and Chartered Accountants, has expressed its willingness to accept re-appointment.

On behalf of the Directors

....
TAN SRI CHENG HENG JEM

....
CHENG HUI YUEN, VIVIEN

Dated: 27 March 2024

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 consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2023, and the consolidated statement of profit or loss, consolidated statement of other comprehensive income, consolidated statement 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 material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are properly drawn up in accordance with the provisions of the Singapore Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 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 ("SSA"). 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.

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.

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed

Impairment assessment of property, plant and equipment and right-of-use assets
 	
The Group operates department stores in Malaysia. The carrying amounts of the property, plant and equipment and right-of-use assets of the Group are SGD17,448,000 (2022 - SGD20,801,000) and SGD130,435,000 (2022 - SGD149,987,000), representing 11% (2022 - 10%) and 83% (2022 - 71%) respectively of total non-current assets of the Group as at 31 December 2023.
 	
The Group's property, plant and equipment and right-of-use assets as at 31 December 2023 are mainly held by a subsidiary, Parkson Corporation Sdn Bhd ("PCSB"), which operates in Malaysia.
 	
On an annual basis, management is required to assess for indications of impairment to determine if impairment assessment should be carried out. Having considered the loss-making performance of certain stores, management performed impairment testing with respective assets of those loss-making stores.
 	
The impairment testing requires management to make assumptions in the underlying cash flow forecast and projections. The assumptions include expectations for gross margin, growth rates and discount rates, as well as the overall market and economic conditions.
 	
We have identified the impairment testing performed on the Group's property, plant and equipment and right-of-use assets to be a Key Audit Matter due to the significant judgement and assumptions applied in arriving at the estimates used in computing the recoverable values of these assets and the uncertainties which arise as a result of having to consider long-term trends and market conditions and their impact on the key assumptions used.
 	
The Group's disclosures for property, plant and equipment and right-of-use assets are included in Note 4 and Note 20 to the financial statements respectively.
	Our review of the impairment assessment included the following procedures, amongst others:
	
	- we performed a review of the relevant audit working papers of the identified risks for which we instructed and coordinated the work of our component auditors in addressing the significant misstatements relating to the impairment assessment reviewed by the component auditors;
	
	- we assessed the appropriateness of the management's identification of CGU and impairment indicators of assets related to the individual department stores;
	
	- where an impairment indicator is identified,
	  - we evaluated the reasonableness of management's key assumptions underlying the VIU computation such as discount rate and growth rates;
	  - we compared the actual results of the stores against forecast previously made by management and taking into consideration the viability of the stores' future plans, local economic development and industry outlook;
	  - we reviewed the auditor's expert in assessing the appropriateness of the valuation methodologies, assumptions and reasonableness of estimates used by the management's expert;
	
	- we performed sensitivity analysis over the assumptions, estimates and its measurement against source data and appropriate external sources, where appropriate;
	
	- we assessed and evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes;
	
	- we assessed the competency, capability and objectivity of the auditor's expert; and
	
	- we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the impairment of property, plant and equipment and right-of-use assets.

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed
Discontinued operations of Parkson Vietnam Co Ltd ("Parkson Vietnam") and its directly-owned subsidiary, Parkson Vietnam Management Services Co Ltd ("PMS") As disclosed in Note 5(c) to the financial statements, Parkson Vietnam had on 28 April 2023 filed for voluntary bankruptcy with the People's Court of Ho Chi Minh City, Vietnam and has ceased operations thereon. The directors of the Group believed that in so far it relates to Parkson Vietnam, subject to the supervision of the Court, their decisions regarding the daily financial and operating policies are now directed for the benefit of the creditors, and are restricted from making any significant financial decisions without the approval of the Court. The directors of the Group are aware that the pre-bankruptcy shareholders' voting interests are expected to be diluted (thereby resulting in the parent ultimately losing control) upon exiting from bankruptcy. On 8 August 2023, the Court has applied temporary emergency measures as Pre-judgement Attachment and issued Decisions to freeze the bank accounts of Parkson Vietnam. The management therefore deconsolidated the financial results of Parkson Vietnam and its directly-owned subsidiary, PMS on the said date and presented under discontinued operations. The Group reported loss from discontinued operations of SGD4,379,000 (Note 26) and a gain on deconsolidation of subsidiaries of SGD10,328,000 (Note 5(c)) presented under discontinued operations. We identified the effect and impact on the deconsolidation of Parkson Vietnam and its subsidiary arising from the voluntary bankruptcy as a Key Audit Matter due to that it is a significant event that has occurred in the current financial year. The Group's disclosures on the deconsolidation of Parkson Vietnam and its subsidiary and discontinued operations are included in Note 5(c) and Note 26 to the financial statements.	Our review of the effect and impact on the deconsolidation of Parkson Vietnam and its subsidiary included the following procedures, amongst others: - we held discussions with management to understand the events leading to the voluntary bankruptcy for which Parkson Vietnam and its subsidiary had been deconsolidated and assessed the criteria applied by the Group in determining where a loss of control has been triggered. The directors of the Group noted that, subject to the supervision of the Court, the pre-bankruptcy proceedings are now directed to protect the legitimate benefit of creditors and to prevent prohibited acts that Parkson Vietnam may commit and the consequential effect is that the shareholder is no longer in control of Parkson Vietnam's exit from bankruptcy procedures, even prior to the initiation of the proceedings which now rests entirely on the decision of the Court; - we consulted our appointed legal counsel as to the understanding in so far as to the pre-bankruptcy is concerned; - we analysed the extent of the Group's decision making power to direct Parkson Vietnam's relevant activities and whether the Group has the practical ability to vary the amount of returns from Parkson Vietnam; - we reviewed all documents relevant to the landlords and sub tenants in so far as to the effect of termination of leases of the retail space with landlords and corresponding subleases located at Saigon Tourist Plaza; - we reviewed all relevant correspondences with and notices from the Court which the Group's solicitors have obtained; - we reviewed and reperformed the management's calculation on the effect on the deconsolidation of Parkson Vietnam and PMS; - we assessed the criteria applied by the Group to present the results of Parkson Vietnam and PMS under discontinued operations; and - we also considered the adequacy of the Group's disclosures made to the financial statements and the presentation to the financial statements thereon.

Key Audit Matters (Cont'd)

Key Audit Matter	**Our responses and work performed**

<u>Going concern</u>
 	
The Group has prepared their financial statements on a going concern basis, notwithstanding that the Group's current liabilities exceeded its current assets by SGD26,297,000 (2022 - SGD59,281,000) as at 31 December 2023.
 	
The above condition give rise to concerns about whether the Group has sufficient cash flows to meet its obligations as and when they fall due.
 	
The management are of the view that it was appropriate to prepare the Group's financial statements on a going concern as the Group will be able to generate sufficient cash flows from its Malaysia retail operations to finance its operations and to meet its financial obligations as and when they fall due.
 	
We have identified going concern as a Key Audit Matter as the appropriateness of the Group's going concern assumption requires significant management judgement and estimates in arriving at the projections of the future cash flows of the Group.
 	
The disclosures on going concern of the Group and of the Company are included in Note 2(a) to the financial statements.
	Our review of the going concern included the following procedures, amongst others:
	
	- we considered the reasonableness of the key assumptions used in the 18-month cash flows forecast of the Group which the cash flows are mainly generated by the main Malaysia subsidiary in operations;
	
	- we reviewed the liquidity of the Group as to its ability to pay its debt as and when fall due:
	
	  - the interest risk exposure is limited to the interest expense on lease liabilities;
	
	  - two banks have discharged all the restrictions placed on the main Malaysia subsidiary in operations on 12 May 2023 (Note 19(a));
	
	  - the Group has repaid approximately SGD88,950,000 of the SGD91,199,000 current trade payables as at 31 December 2023 up to the date of this financial statements (Note 16); and
	
	  - the Group has unutilised banking facilities of approximately SGD2,346,000 (2022 - SGD2,302,000), and unutilised loan facility of RM30,000,000 (2022 - RM23,200,000) available for use.
	
	- we made enquiries of management and there are no events or conditions subsequent to financial year end which may affect the Group's ability to continue as a going concern; and
	
	- we assessed the adequacy of disclosures in relation to going concern assessment.

Key Audit Matters (Cont'd)

Key Audit Matter	Our responses and work performed
Impairment assessment of investments in subsidiaries (Parent company only) As at 31 December 2023, the Company has significant investment in a subsidiary, PCSB which operates department stores in Malaysia. On an annual basis, management is required to assess for indications of impairment to determine if impairment assessment should be carried out. The management carried out an impairment assessment of the recoverability of the cost of investment in PCSB as at 31 December 2023. Management's impairment assessment involves estimation and judgement relating to the assumptions used in profit forecast and discounted cashflows. Key assumptions and estimates used in the cash flow projections included pre-tax discount rates, budgeted gross margins and growth rates. Thus, we have identified this as a Key Audit Matter. The Group's disclosures on investment in subsidiaries of the Company are included in Note 5 to the financial statements.	Our review of the impairment assessment of investments in subsidiaries of the Company included the following procedures, amongst others: - we assessed the reasonableness of the assumptions used in the cash flow projections approved by the board of directors; - we held discussions with management and the auditors of PCSB to obtain an understanding of assumptions used in the cash flow projections; - we evaluated the reasonableness of the assumptions used by management in their cash flow projections, which included a comparison of the historical performance of the subsidiary against forecasts, and considering the viability of future plans, local economic conditions and industry outlook; - we assessed and evaluated whether the management's expert has the necessary competence, capability and objectivity for the required purposes; - we assessed the competency, capability and objectivity of the auditor's expert; and - we also considered the adequacy of the Group's disclosures made to the financial statements in relation to the impairment of investment in subsidiaries held by the Company.

Other Information

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

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

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.

INDEPENDENT AUDITOR'S REPORT

Responsibilities of Management and Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with SSA, 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- 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, actions taken to eliminate threats or safeguards applied.

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

Report on Other Legal and Regulatory Requirements

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

The engagement partner on the audit resulting in this independent auditor's report is Teo Soo Chuen.

Foo Kon Tan LLP
Public Accountants and
Chartered Accountants
Singapore, 27 March 2024

STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

		The Group		The Company	
		31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	Note	**SGD'000**	SGD'000	**SGD'000**	SGD'000
ASSETS					
Non-Current					
Property, plant and equipment	4	**17,448**	20,801	**-**	-
Right-of-use assets	20	**130,435**	149,987	**-**	-
Investments in subsidiaries	5	**-**	-	**110,759**	117,230
Investment in an associate	6	**-**	-	**-**	-
Deferred tax assets	7	**5,523**	5,052	**-**	-
Other receivables	8	**4,210**	34,485	**-**	-
Prepayments	9	**23**	2	**-**	-
Intangible assets	10	**54**	74	**-**	-
Investment securities	11	**246**	261	**-**	-
		157,939	210,662	**110,759**	117,230
Current					
Inventories	12	**23,123**	20,097	**-**	-
Trade and other receivables	8	**10,551**	15,481	**-**	-
Prepayments	9	**1,374**	1,806	**-**	-
Tax recoverable		**46**	50	**-**	-
Cash and short-term deposits	13	**102,075**	106,574	**1,200**	113
		137,169	144,008	**1,200**	113
Total assets		**295,108**	354,670	**111,959**	117,343

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2023

		The Group		The Company	
		31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	Note	**SGD'000**	SGD'000	**SGD'000**	SGD'000
EQUITY					
Capital and Reserves					
Share capital	14(a)	**231,676**	231,676	**231,676**	231,676
Treasury shares	14(b)	**(549)**	(549)	**(549)**	(549)
Other reserves	15	**(160,595)**	(161,908)	**(60,396)**	(55,183)
Accumulated losses		**(59,796)**	(86,119)	**(82,580)**	(80,631)
Equity attributable to equity holders of the Company		**10,736**	(16,900)	**88,151**	95,313
Non-controlling interests		**(91)**	(101)	**-**	-
Total equity		**10,645**	(17,001)	**88,151**	95,313
LIABILITIES					
Non-Current					
Other payables	16	**164**	1,504	**-**	-
Provisions	18	**5,411**	4,762	**-**	-
Loans and borrowings	19	**-**	2,078	**-**	2,078
Lease liabilities	20	**115,422**	160,038	**-**	-
		120,997	168,382	**-**	2,078
Current					
Trade and other payables	16	**106,172**	140,353	**23,065**	18,852
Other liabilities	17(a)	**11,265**	14,418	**743**	1,100
Contract liabilities	17(b)	**6,201**	6,558	**-**	-
Provisions	18	**1,170**	1,773	**-**	-
Tax payables		**1,968**	3,586	**-**	-
Loans and borrowings	19	**1,895**	4,841	**-**	-
Lease liabilities	20	**34,795**	31,760	**-**	-
		163,466	203,289	**23,808**	19,952
Total liabilities		**284,463**	371,671	**23,808**	22,030
Total equity and liabilities		**295,108**	354,670	**111,959**	117,343

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Continuing operations			
Revenue	21	**221,584**	230,838
Other items of income			
Finance income	22(a)	**3,182**	2,029
Other income	22(b)	**3,938**	5,845
Items of expense			
Merchandise inventories and consumables used	12	**(68,799)**	(70,288)
Changes in merchandise inventories and consumables		**(3,018)**	(471)
Employee benefits expense	23	**(35,783)**	(35,431)
Depreciation and amortisation expenses	24	**(39,092)**	(45,846)
Promotional and advertising expenses		**(1,029)**	(1,020)
Operating lease expenses	24	**(7,165)**	(709)
Finance costs	22(a)	**(12,529)**	(14,245)
Other expenses		**(20,472)**	(24,636)
Profit from continuing operations, before tax	24	**40,817**	46,066
Income tax	25	**(11,248)**	(14,997)
Profit from continuing operations, net of tax		**29,569**	31,069
Discontinued operations			
Loss from discontinued operations, net of tax	26	**(4,379)**	(2,323)
Profit for the year, net of tax		**25,190**	28,746
Profit/(loss) attributed to:			
Owners of the Company			
Profit from continuing operations, net of tax		**29,576**	31,078
Loss from discontinued operations, net of tax		**(4,379)**	(2,323)
		25,197	28,755
Non-controlling interests			
Loss from continuing operations, net of tax		**(7)**	(9)
		25,190	28,746
Earnings/(loss) per share (cents per share)			
From continuing operations			
- Basic and diluted	27	**4.39**	4.61
From discontinued operations			
- Basic and diluted	27	**(0.65)**	(0.34)
From continuing and discontinued operations			
- Basic and diluted	27	**3.74**	4.27

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Profit for the year		**25,190**	28,746
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**6,489**	3,510
Foreign currency translation differences on loss of control of subsidiaries	5(c)	**(4,033)**	-
		2,456	3,510
Total comprehensive income for the year		**27,646**	32,256
Attributable to:			
Owners of the Company		**27,636**	32,259
Non-controlling interests		**10**	(3)
		27,646	32,256

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

The Group	Share capital SGD'000	Treasury shares SGD'000	Other reserves SGD'000	Accumulated losses SGD'000	Total attributable to equity holders of the Company SGD'000	Non-controlling interests SGD'000	Total equity SGD'000
Balance as at 1 January 2022	231,676	(549)	(165,412)	(114,874)	(49,159)	(98)	(49,257)
Profit/(loss) for the year	-	-	-	28,755	28,755	(9)	28,746
Other comprehensive income							
Foreign currency translation	-	-	3,504	-	3,504	6	3,510
Total comprehensive income/ (expense) for the year	-	-	3,504	28,755	32,259	(3)	32,256
Balance as at 31 December 2022	**231,676**	**(549)**	**(161,908)**	**(86,119)**	**(16,900)**	**(101)**	**(17,001)**
Profit/(loss) for the year	**-**	**-**	**-**	**25,197**	**25,197**	**(7)**	**25,190**
Other comprehensive income							
Foreign currency translation	**-**	**-**	**2,439**	**-**	**2,439**	**17**	**2,456**
Total comprehensive income for the year	**-**	**-**	**2,439**	**25,197**	**27,636**	**10**	**27,646**
Transaction with owners, recognised directly in equity							
Transfer of capital contribution upon deconsolidation of subsidiaries (Note 15(d))	**-**	**-**	**(1,126)**	**1,126**	**-**	**-**	**-**
Balance as at 31 December 2023	**231,676**	**(549)**	**(160,595)**	**(59,796)**	**10,736**	**(91)**	**10,645**

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Cash Flows from Operating Activities			
Profit before tax from continuing operations		**40,817**	46,066
Loss before tax from discontinued operations	26	**(4,379)**	(2,323)
Profit before tax		**36,438**	43,743
Adjustments for:			
Depreciation and amortisation expense:			
- property, plant and equipment	4	**6,297**	9,262
- intangible assets	10	**-**	15
- right-of-use assets	20(c)	**32,800**	36,584
Impairment losses of property, plant and equipment	4	**-**	178
Reversal of impairment losses of:			
- property, plant and equipment	4	**-**	(393)
- right-of-use assets	20(a), 22(b)	**-**	(872)
Property, plant and equipment written off	4	**352**	138
Gain on disposal of property, plant and equipment, net	4, 24	**(5)**	(8)
Gain on deconsolidation of subsidiaries	26	**(10,328)**	-
Loss on termination of subleases	8(f)	**28,584**	-
Gain on termination of lease with landlord	20(b)	**(19,324)**	-
Write back of vouchers sold	17(b)	**(365)**	(673)
Allowance/(reversal) for expected credit loss on trade and other receivables, net	24	**3,993**	(89)
Allowance for inventory shrinkage	12	**84**	178
Inventory written off	12	**-**	106
Income from expired vouchers	22(b)	**(365)**	(842)
Income from rent concession on lease liabilities	20(b)	**(323)**	(917)
Lease derecognition	20(a), 20(b)	**(1,345)**	(224)
Lease modifications	20(a), 20(b)	**993**	678
Dividend income from investment in securities	22(b)	**(8)**	-
Finance costs	22(a), 26(a)	**14,050**	16,482
Finance income	22(a), 26(a)	**(4,499)**	(4,611)
Operating profit before working capital changes		**87,029**	98,735
Increase in inventories		**(4,326)**	(2,146)
Increase in trade and other receivables		**(4,129)**	(974)
Decrease/(increase) in prepayments		**283**	(777)
(Decrease)/increase in trade and other payables		**(24,902)**	11,218
Increase in other liabilities and provisions		**8,930**	2,045
Cash generated from operations		**62,885**	108,101
Interest received		**2,778**	1,804
Interest paid		**(178)**	(231)
Income taxes paid		**(12,264)**	(10,106)
Net cash generated from operating activities		**53,221**	99,568

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

	Note	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Cash Flows from Investing Activities			
Proceeds from disposal of property, plant and equipment		**14**	18
Purchase of property, plant and equipment	B	**(3,369)**	(3,835)
Dividend income from investment securities		**8**	-
Net cash outflows from deconsolidation of subsidiaries	5(c)	**(60)**	-
Proceeds from net investments in sublease		**6,303**	7,091
Net cash from investing activities		**2,896**	3,274
Cash Flows from Financing Activities			
Interest paid		**(13,368)**	(15,850)
Proceeds from bank borrowings		**3,277**	6,753
Repayment of bank borrowings		**(3,309)**	(6,708)
Repayment of loan to ultimate holding company		**(2,059)**	(6,288)
Repayment to related companies		**(6,751)**	-
Repayment of loan to a third party		**(1,341)**	-
Payment of principal portion of lease liabilities		**(31,192)**	(37,915)
Decrease/(increase) in bank overdraft		**230**	(76)
Decrease in restricted bank balances		**137**	-
Increase in pledged deposits		**(1,057)**	(2,432)
Net cash used in financing activities		**(55,433)**	(62,516)
Net increase in cash and cash equivalents		**684**	40,326
Cash and cash equivalents as at beginning of year		**97,294**	62,022
Exchange differences on translation of cash and cash equivalents as at beginning of year		**(5,393)**	(5,054)
Cash and cash equivalents as at end of year	A	**92,585**	97,294

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

Note:

A. Cash and cash equivalents

	Note	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Cash and short-term deposits	13	**102,075**	106,574
Bank overdraft	19	**(210)**	(440)
Cash and cash equivalents		**101,865**	106,134
Less:			
- pledged deposits	13	**(9,280)**	(8,703)
- restricted bank balances	13	**-**	(137)
		(9,280)	(8,840)
Cash and cash equivalents in the consolidated statement of cash flows		**92,585**	97,294

B. Property, plant and equipment

	Note	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Current year additions to property, plant and equipment	4	**4,631**	3,691
Less:			
- Payable to creditors	16	**(218)**	(4)
- Provision for restoration costs	18	**(741)**	(632)
- Accrued expenses	17(a)	**(2,172)**	(1,865)
Add: Payments for prior year purchase		**1,869**	2,645
Net cash outflow for purchase of property, plant and equipment		**3,369**	3,835

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

Note:

C. Reconciliation of liabilities arising from financing activities

The following is the disclosures of the reconciliation of items for which cash flows have been, or would be, classified as financing activities, excluding equity items:

	1 January 2023 SGD'000	Cash flows SGD'000	Non-cash changes: Additions SGD'000	Non-cash changes: Exchange movement SGD'000	Non-cash changes: Others SGD'000	31 December 2023 SGD'000
Bankers' acceptance	**1,817**	**(32)**	**-**	**(100)**	**-**	**1,685**
Loan from owner of a managed store (Vietnam)	**1,250**	**-**	**-**	**(15)**	**(1,235)**	**-**
Loan from a third party	**1,334**	**(1,341)**	**-**	**7**	**-**	**-**
Loans from ultimate holding company	**2,078**	**(2,059)**	**-**	**(19)**	**-**	**-**
Non-trade amount owing to related companies	**16,794**	**(6,751)**	**-**	**(523)**	**-**	**9,520**
Lease liabilities	**191,798**	**(44,560)**	**6,189**	**(11,764)**	**8,554**	**150,217**
Pledged deposits	**(8,703)**	**(1,057)**	**-**	**480**	**-**	**(9,280)**
	206,368	**(55,800)**	**6,189**	**(11,934)**	**7,319**	**152,142**

	1 January 2022 SGD'000	Cash flows SGD'000	Non-cash changes: Additions SGD'000	Non-cash changes: Exchange movement SGD'000	Non-cash changes: Others SGD'000	31 December 2022 SGD'000
Bankers' acceptance	1,887	45	-	(115)	-	1,817
Loan from owner of a managed store (Vietnam)	1,301	-	-	(51)	-	1,250
Loan from a third party	1,327	-	-	7	-	1,334
Loans from ultimate holding company	8,905	(6,288)	-	(539)	-	2,078
Non-trade amount owing to related companies	16,184	-	-	610	-	16,794
Lease liabilities	215,556	(53,765)	13,152	(10,953)	27,808	191,798
Pledged deposits	(6,675)	(2,432)	-	404	-	(8,703)
	238,485	(62,440)	13,152	(10,637)	27,808	206,368

The "Others" column includes non-cash changes.

The annexed notes form an integral part of and should be read in conjunction with these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

1 General 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 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619. The principal place of business of the Group is located at Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia.

The principal activity of the Company is investment holding. The principal activities of the subsidiaries and associate are disclosed in Note 5 and Note 6 to the financial statements respectively.

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

The consolidated financial statements of the Group for the financial year ended 31 December 2023 and statement of financial position of the Company as at 31 December 2023 were authorised for issue by the Board of Directors on the date of the Directors' Statement.

2(a) Going concern basis

The Group

Notwithstanding the fact that the Group reported profit for the year of SGD25,197,000 (2022 - SGD28,755,000), the Group's current liabilities exceeded its current assets by SGD26,297,000 (2022 - SGD59,281,000) as at 31 December 2023. This condition give rise to concerns about whether the Group has sufficient cash flows to meet its obligation as and when they fall due.

The management has prepared an 18-month projected cashflows forecast from 1 January 2024 to review the appropriateness of the going concern and the directors of the Company are of the view that it is appropriate to prepare the Group's financial statements on a going concern on the following bases:

(a) the Group will be able to generate sufficient cash flows from its Malaysia operations to pay its liabilities as and when they fall due;

(b) management intends to manage cashflow of the subsidiaries on overall Group basis, where necessary;

(c) there are no changes in the credit terms granted by suppliers and the Group intends to adhere to the average trade payables turnover days consistent with prior years;

(d) the Group has unutilised banking facilities of approximately SGD2,346,000 (2022 - SGD2,302,000) as of 31 December 2023 that is available for use;

(e) the Group has unutilised loan facility of RM30,000,000 (2022 - RM23,200,000) with the ultimate holding company, Parkson Holdings Berhad as of 31 December 2023 available for use;

(f) the Group has cash and short term deposits of SGD102,075,000 (2022 - SGD106,574,000) as of the reporting date; and

(g) there are no financial guarantee contracts that is likely to be materialised.

2(a) Going concern basis (Cont'd)

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

In view of the foregoing, the management consider that it is appropriate to prepare the financial statements of the Group on a going concern basis, and accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of the recorded assets, or to the amounts and classification of liabilities that may be necessary.

The Company

As at 31 December 2023, the Company's current liabilities exceeded the Company's current assets by SGD22,608,000 (2022 - SGD19,839,000).

As at the balance sheet date, included in current liabilities are mainly:

- non-trade amount due to a subsidiary, Parkson Corporation Sdn Bhd, totalling SGD22,328,000 (2022 - SGD11,333,000); and
- non-trade amounts due to other related companies totalling SGD534,000 (2022 - SGD564,000).

These non-trade amounts represent advances which are unsecured, non-interest bearing and are repayable on demand.

The subsidiary, Parkson Corporation Sdn Bhd has given an undertaking that it shall not demand immediate repayment from the Company in the next twelve months from the date of this financial statements.

2(b) Basis of preparation

The financial statements are prepared in accordance with the provisions of the Singapore Companies Act 1967 and Singapore Financial Reporting Standards (International) ("SFRS(I)"), and have been prepared under the historical cost convention, except as disclosed in the accounting policies below.

The financial statements are presented in Singapore Dollar, rounded to the nearest thousand ("SGD'000"), unless otherwise stated.

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with SFRS(I) requires the use of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the financial year.

Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and evaluated based on historical experience and expectations of future events. Revisions to accounting estimates are recognised in the reporting period in which the estimate is revised and in any future reporting periods affected.

The areas involving significant judgement and critical accounting estimates and assumptions used are described below.

2(b) Basis of preparation (Cont'd)

Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Significant judgements used in applying accounting policies

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that have been made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

Determination of functional currency

The Group measures foreign currency translation in the respective currencies of the Company and its subsidiaries. In determining the functional currencies of the Company and the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determines the sales prices of its goods and services. The functional currencies of the Company and the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

Income taxes

The Group has exposure to income taxes in various jurisdictions. Significant judgement is involved in determining the group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The carrying amounts of the Group's tax recoverable as at 31 December 2023 was SGD46,000 (2022 - SGD50,000).

The carrying amounts of the Group's deferred tax assets as at 31 December 2023 were SGD5,523,000 (2022 - SGD5,052,000) are disclosed in Note 7 to the financial statements.

Determination of lease terms of contracts with extension options

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

The Group has several lease contracts that include extension options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to extend the lease. It considers all relevant factors that create an economic incentive for it to exercise the extension. After the commencement date, the Group reassesses the lease term whenever there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to extend. The impact of the extension options not taken up by management is disclosed in Note 20(f) to the financial statements.

2(b) Basis of preparation (Cont'd)

Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Significant judgements used in applying accounting policies (Cont'd)

Discontinued operations of Parkson Vietnam Co Ltd ("Parkson Vietnam") and its directly-owned subsidiary, Parkson Vietnam Management Services Co Ltd ("PMS")

In respect to Parkson Vietnam's voluntary bankruptcy application with the People's Court of Ho Chi Minh City, Vietnam (the "Court") on 28 April 2023, the directors of the Group believed that, subject to the supervision of the Court, their decisions regarding the daily financial and operating policies of Parkson Vietnam are now directed for the benefit of its creditors, and are restricted from making any significant financial decisions without the approval of the Court.

The directors of the Group are aware that the pre-bankruptcy shareholders' voting interests are expected to be diluted (thereby resulting in the parent ultimately losing control) upon exiting from bankruptcy.

The directors of the Group have considered, after consulting with their legal advisers, the effect of applicable legal and regulatory requirements and the extent of its practical ability to use its power over Parkson Vietnam in so far as to its pre-bankruptcy proceedings as at the reporting date. The directors of the Group are of the view that the Group has no practical ability to direct relevant activities to vary the amount of returns and has deconsolidated Parkson Vietnam and its subsidiary (Note 5(c)) during the financial year ended 31 December 2023 reported under discontinued operations (Note 26) based on the facts and circumstances.

PMS is a dormant entity since the financial year ended 31 December 2021.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period, are discussed below.

Useful life of property, plant and equipment

Property, plant and equipment are depreciated on a straight-line basis over their estimated economic useful lives. Management estimates the useful lives of property, plant and equipment to be within 2 to 10 years. The carrying amount of the Group's property, plant and equipment as at 31 December 2023 was SGD17,448,000 (2022 - SGD20,801,000). Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

If the actual useful lives of property, plant and equipment differ by 10% from management's estimates, the carrying amount of the property, plant and equipment of the Group will be approximately SGD572,000 (2022 - SGD842,000) higher or SGD699,000 (2022 - SGD1,029,000) lower.

The carrying amount of the Group's property, plant and equipment at the end of the reporting period is disclosed in Note 4 to the financial statements.

2(b) Basis of preparation (Cont'd)

Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of non-financial assets

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

The Group recognises impairment loss when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal ("FVLCD") and its value-in-use ("VIU"). FVLCD is based on available data from sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. The VIU estimation is based on forecasted cash flows of the underlying business. There is an increased estimation uncertainty on these forecasted cash flows due to uncertain economic conditions. In forecasting these cash flows, management has taken into account of long-term trends and market conditions and uncertain economic conditions and their impact on the key assumptions used.

A decrease of 1% (2022 - 1%) in the sales growth, or an increase of 1% (2022 - 1%) increase in the discount rate, as applied in the VIU calculations for property, plant and equipment and right-of-use assets, will not lead to impairment loss recognised on these non-financial assets.

The carrying amounts of the Group's property, plant and equipment and right-of-use assets at the end of the reporting period are disclosed in Notes 4 and 20(a) to the financial statements respectively.

Provisions for restoration costs

Under the lease agreements entered into by the Group, it is required to carry out restoration work upon expiry of the leases. As at 31 December 2023, the Group has made provisions for the restoration work amounted to SGD6,581,000 (2022 - SGD6,535,000) (Note 18). The expected restoration costs are based on estimated costs of dismantling and removing assets and restoring the premises to their original conditions.

If the expected estimated costs increase/decrease by 10%, the provision will increase/decrease by approximately SGD658,000 (2022 - SGD654,000).

Determining the appropriate rate to discount lease payments

The Group cannot readily determine the interest rate implicit in the leases, therefore, it uses the incremental borrowing rate ("IBR") to measure lease liabilities. The IBR is defined as the rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset to the right-of-use asset in a similar economic environment.

The Group estimates the IBR relevant to each lease by using observable inputs such as market interest rate and asset yield, where available, and making certain lessee specific adjustments such as the Group's credit rating.

An increase/decrease of 1% in the estimated IBR will decrease/increase the Group's right-of-use assets and lease liabilities by approximately SGD1,232,000 and SGD1,047,000 (2022 - SGD4,196,000 and SGD5,109,000) respectively.

2(b) Basis of preparation (Cont'd)

Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Impairment of financial assets

The Group assesses on a forward-looking basis the expected credit losses ("ECL") associated with its debt instrument assets carried at amortised cost. ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

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

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

For non-trade receivables, the Group and the Company apply the general approach to determine ECL. ECL is measured as an allowance equal to 12-month ECL for stage-1 (low credit risk) assets, or lifetime ECL for stage-2 (deterioration in credit risk) or stage-3 (credit impaired) assets. An asset moves from stage-1 to stage-2 when its credit risk increases significantly and subsequently to stage-3 as it becomes credit-impaired. In assessing whether credit risk has significantly increased, the Group and the Company consider qualitative and quantitative, reasonable and supportable forward-looking information. Lifetime ECL represents ECL that will result from all possible default events over the expected life of a financial instrument whereas 12-month ECL represents the portion of lifetime ECL expected to result from default events possible within 12 months after the reporting date.

If the expected credit losses increase/decrease by 5% from management estimates, the carrying amounts of the financial assets of the Group will decrease/increase by approximately SGD200,000 (2022 - SGD1,212,000) respectively.

The carrying amount of financial assets carried at amortised cost is disclosed in Note 8 to the financial statements.

2(b) Basis of preparation (Cont'd)

Critical accounting judgements and key sources of estimation uncertainty (Cont'd)

Key sources of estimation uncertainty (Cont'd)

Allowance for inventories obsolescence

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

If the net realisable value of the inventories increase/decrease by 5% from management's estimates, the Group's profit will increase/decrease by SGD1,156,000 (2022 - SGD1,005,000).

The carrying amount of the inventories is disclosed in Note 12 to the financial statements.

Impairment of investments in subsidiaries

The Company determines whether there are indicators that investments in subsidiaries is impaired. The recoverable amount that is determined by an estimation of the VIU of the subsidiaries is higher than the carrying amount as at the reporting date. The VIU calculation is based on a discounted cash flow ("DCF") model. The cash flows are derived from the budget for the next three years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The key assumptions in deriving the recoverable amount include discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

A decrease in the sales growth by 1% (2022 - 1%), or an increase of 1% (2022 - 1%) in the discount rate, as applied in the VIU calculations, will not lead to further impairment loss recognised on the investments in subsidiaries.

The carrying amount of the Company's investments in subsidiaries recognised at the end of the reporting period is disclosed in Note 5 to the financial statements.

2(c) Adoption of new and revised SFRS(I) effective for the current financial year

On 1 January 2023, the Group and the Company have adopted all the new and revised SFRS(I) and amendments to SFRS(I), effective for the current financial year that are relevant to them. This includes the following:

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
SFRS(I) 17	*Insurance Contracts*	1 January 2023
<u>Amendments to SFRS(I)</u>		
SFRS(I) 1-1 and SFRS(I) Practice Statement 2	*Disclosure of Accounting Policies*	1 January 2023
SFRS(I) 1-8	*Definition of Accounting Estimates*	1 January 2023
SFRS(I) 1-12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*	1 January 2023
SFRS(I) 1-12	*International Tax Reform - Pillar Two Model Rules*	1 January 2023

The adoption of these new and revised SFRS(I) pronouncements does not result in significant changes to the Group's and the Company's accounting policies and has no material effect on the amounts or the disclosures reported for the current or prior reporting periods other than the material accounting policy information (2022 - significant accounting policies) in Note 3 were updated with amendments.

2(d) New and revised SFRS(I) issued but not yet effective

At the date of authorisation of these financial statements, the Group and the Company have not adopted the new and revised SFRS(I) and amendments to SFRS(I), where applicable, that have been issued but are not yet effective.

Reference	**Description**	**Effective date (Annual periods beginning on or after)**
<u>Amendments to SFRS(I)</u>		
SFRS(I) 1-1	*Classification of Liabilities as Current or Non-current*	1 January 2024
SFRS(I) 1-1	*Non-current Liabilities with Covenants*	1 January 2024
SFRS(I) 16	*Lease Liability in a Sale and Leaseback*	1 January 2024
SFRS(I) 1-7 and SFRS(I) 7	*Supplier Finance Arrangements*	1 January 2024
SFRS(I) 1-21	*Lack of Exchangeability*	1 January 2025
SFRS(I) 10, SFRS(I) 1-28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	Yet to be determined

Management anticipates that the adoption of the standards above will have no material impact on the financial statements in the year of initial application.

3 Material accounting policy information

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

In addition, the Group and the Company adopted the Amendments to SFRS(I) 1-1 and SFRS(I) Practice Statement 2 Disclosure of Accounting Policies from 1 January 2023. The amendments require the disclosure of "material", rather than "significant", accounting policies. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed below.

Consolidation

(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.

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.

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 as at that 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.

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.

Thus, the Group controls an investee, if and only if, the Group has all of the following:

- power over the investee;
- exposure, or rights or variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

3 Material accounting policy information (Cont'd)

Consolidation (Cont'd)

(a) Basis of consolidation (Cont'd)

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

A change in the ownership interest

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable SFRS(I)s).

Acquisition

The acquisition method of accounting is used to account for business combinations entered into by the Group.

The consideration transferred for the acquisition of a subsidiary or business combination comprises the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes any contingent arrangement and any pre-existing equity interest in the subsidiary measured at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date.

3 Material accounting policy information (Cont'd)

Consolidation (Cont'd)

(a) Basis of consolidation (Cont'd)

Acquisition (Cont'd)

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree at the date of acquisition either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of (a) the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the (b) fair value of the identifiable net assets acquired is recorded as goodwill.

Disposals

When a change in the Group's ownership interest in a subsidiary results in a loss of control over the subsidiary, the assets and liabilities of the subsidiary including any goodwill are derecognised. Amounts previously recognised in other comprehensive income in respect of that entity are also reclassified to profit or loss or transferred directly to retained earnings if required by a specific standard.

Business combinations

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 standard.

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

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.

3 Material accounting policy information (Cont'd)

Business combinations (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.

Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' 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.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is computed utilising the straight-line method to allocate the depreciable amount of these assets after deducting the residual value over their estimated useful lives as follows:

Renovation	2 - 10 years or duration of lease, whichever is shorter
Furniture and equipment	5 - 10 years
Motor vehicles	5 years

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

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate at the end of each reporting period as a change in estimates. The useful lives and depreciation method are reviewed at each financial year-end to ensure that the method and year of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

The cost of property, plant and equipment includes expenditure that is directly attributable to the acquisition of the items. Dismantlement, removal or restoration costs are included as part of the cost of property, plant and equipment if the obligation for dismantlement, removal or restoration is incurred as a consequence of acquiring or using the asset. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

3 Material accounting policy information (Cont'd)

Property, plant and equipment and depreciation (Cont'd)

Subsequent expenditure relating to property, plant and equipment that have been recognised is added to the carrying amount of the asset when it is probable that future economic benefits, in excess of the standard of performance of the asset before the expenditure was made, will flow to the Group and the cost can be reliably measured. Other subsequent expenditure is recognised as an expense in the year in which it is incurred.

For acquisitions and disposals during the financial year, depreciation is provided from the month after acquisition and to the month of disposal respectively. Fully depreciated property, plant and equipment are retained in the books of accounts until they are no longer in use.

An item of property, plant and equipment is derecognised 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 derecognised.

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 in net recoverable value that has been recognised in profit or loss. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Associate

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

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

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, if any, 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.

3 Material accounting policy information (Cont'd)

Intangible assets (Cont'd)

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 acquired separately are amortised on a straight-line basis over their estimated useful lives of 25 years.

(ii) Computer software

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

(iii) Licensing fee

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

Impairment of non-financial assets

As at each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value-in-use. In assessing value-in-use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

3 Material accounting policy information (Cont'd)

Impairment of non-financial assets (Cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Financial instruments

Financial assets

Classification and measurement

The Group classifies its financial assets in the following measurement categories:

- amortised cost;
- fair value through other comprehensive income ("FVOCI"); and
- fair value through profit or loss ("FVPL").

The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset. The Group reclassifies investments in debt instruments when and only when its business model for managing those assets changes.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

At initial recognition

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

At subsequent measurement

Debt instruments

Investments in debt instruments mainly comprise of trade and other receivables, cash and short-term deposits at amortised cost. The subsequent measurement categories, depending on the Group's business model for managing the asset and the cash flow characteristics of the asset are:

- Amortised cost

Investments in debt instruments that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt instrument that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in interest income using the effective interest method.

3 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

At subsequent measurement (Cont'd)

- FVOCI

Investments in debt instruments relates to unquoted equity investments in a related corporation that are held for collection of contractual cash flows and for sale, and where the assets' cash flows represent solely payments of principal and interest, are classified as FVOCI. Movements in fair values are recognised in other comprehensive income ("OCI") and accumulated in fair value reserve, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and presented in "other gains and losses". Interest income from these financial assets is recognised using the effective interest rate method and presented in "interest income".

Equity investments

The Group subsequently measures all its equity investments at their fair values. Equity investments are classified as FVPL with movements in their fair values recognised in profit or loss in the year in which the changes arise and presented in "other gains and losses", except for those equity securities which are not held for trading. The Group has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Group considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value gains/losses" in other comprehensive income. Dividends from equity investments are recognised in profit or loss as "dividend income".

Recognition and de-recognition

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Group has elected on initial recognition to measure at FVOCI, the cumulative gain or loss previously accumulated in the fair value reserve is not reclassified to profit or loss, but is transferred to retained earnings.

3 Material accounting policy information (Cont'd)

Financial instruments (Cont'd)

Financial assets (Cont'd)

Trade receivables

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

Other receivables generally arise from transactions outside the normal operating activities of the Group.

Trade and other receivables are subsequently measured at amortised cost using the effective interest method, less loss allowance.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVOCI, as well as financial guarantee contracts. No impairment loss is recognised for investments in equity instruments. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade receivables

The Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk but always recognises lifetime ECL. The ECL on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and the general economic conditions at the reporting date, including time value of money where appropriate.

Other receivables and cash and short-term deposits

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL). The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition instead of on evidence of a financial asset being credit-impaired at the reporting date or an actual default occurring.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within twelve months after the reporting date.

3 Material accounting policy information (Cont'd)

Impairment of financial assets (Cont'd)

Financial guarantee contracts

The date that the Group and the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of the financial guarantee contracts, the Group and the Company considers the changes in the risk that the specified debtor will default on the contract.

The Group and the Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

Write-off policy

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery (e.g., when the counterparty has been placed under liquidation or has entered into bankruptcy proceedings). Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

Inventories

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

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

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 and bank overdraft (which forms an integral part of the Group's cash and cash equivalents).

For the purposes of the consolidated statement of cash flows, cash and cash equivalents consists of cash and cash equivalents as defined above, net of pledged deposits and restricted bank balances.

Bank overdrafts are presented as loans and borrowings in the consolidated statement of financial position.

Financial liabilities

All financial liabilities are recognised initially at fair value plus directly attributable transaction costs.

(i) *Financial liabilities at amortised cost*

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVPL, are subsequently measured at amortised cost using the effective interest method. Financial liabilities at amortised cost mainly include trade and other payables, other liabilities, loans and borrowings and lease liabilities.

3 Material accounting policy information (Cont'd)

Financial liabilities (Cont'd)

(ii) *Trade and other payables*

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). Otherwise, they are presented as non-current liabilities.

Trade and other payables are initially measured at fair value, and subsequently measured at amortised cost, using the effective interest method.

(iii) *Financial guarantees*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

The Group and the Company have issued financial guarantees to banks and a third party for bank borrowings and facilities and amount owing of its subsidiaries. These guarantees are financial guarantee contracts as they require the Group and the Company to reimburse these parties if the subsidiaries fail to make principal or interest payments when due in accordance with the terms of their borrowings.

Financial guarantee contracts are initially measured at fair value plus transaction costs and subsequently measured at the higher of:

(a) the amount of the loss allowance determined in accordance with SFRS(I) 9; and

(b) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

Borrowings

Borrowings which are due to be settled within twelve months after the end of the reporting period are included in current borrowings in the statement of financial position even though the original terms were for a period longer than twelve months and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the end of the reporting period. Borrowings to be settled within the Company's and the Group's normal operating cycle are classified as current. Borrowings due to be settled more than twelve months after the end of reporting period are included in non-current borrowings in the statements of financial position.

3 Material accounting policy information (Cont'd)

Borrowings (Cont'd)

Bank borrowings

Bank borrowings are recognised initially at the fair value of proceeds received less attributable transaction costs, if any. Bank borrowings are subsequently stated at amortised cost which is the initial fair value less any principal repayments. Any difference between the proceeds (net of transaction costs) and the redemption value is taken to the profit or loss over the period of the bank borrowings using the effective interest method. The interest expense is chargeable on the amortised cost over the period of the borrowings using the effective interest method.

Bank borrowings are derecognised when the obligation is discharged, cancelled or expired. The difference between the carrying amount and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

When the contractual cash flows of bank borrowings are modified but do not result in derecognition, difference between the recalculated gross carrying amount and the carrying amount before modification is recognised in profit or loss as modification gain or loss, at the date of modification.

Contract liabilities

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

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 determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

Restoration

A provision for restoration is recognised when the Group is legally obligated to dismantle physical installations and to restore to its original state a property owned by external parties following decommissioning of the Group's operating facilities at the property. The costs of dismantling and restoration are capitalised as part of the Group's acquisition costs of the installations and are depreciated over their useful lives. The provision is initially recognised as the present value of the aggregate future costs. Changes in the estimated timing or amount of the expenditure or discount rate for asset dismantlement and restoration costs are adjusted against the cost of the related installations, unless the decrease in the provision exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such a case, the excess of the decrease over the carrying amount of the asset, or the changes in the provision, is recognised in profit or loss immediately.

3 Material accounting policy information (Cont'd)

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) Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Group. Directors and certain managerial personnel are considered key management personnel.

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 new ordinary shares are deducted against the share capital account.

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.

Leases

The Group assesses whether a contract is, or contains a lease, at inception of the contract. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

(a) *As lessee*

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

3 Material accounting policy information (Cont'd)

Leases (Cont'd)

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

Right-of-use assets

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

Retail outlets and office premise	1 - 20 years
Furniture and equipment	2 - 6 years
Motor vehicles	5 - 7 years

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

The ROU assets are also subject to impairment. The accounting policy for impairment is disclosed under "Impairment of non-financial assets".

Lease liabilities

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

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

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

3 Material accounting policy information (Cont'd)

Leases (Cont'd)

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

Lease liabilities (Cont'd)

Short-term leases and leases of low-value assets

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

(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 under "Revenue – Rental income". Contingent rents are recognised as revenue in the year in which they are earned.

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

Where the Group is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance lease or operating lease by reference to the ROU asset arising from the head lease.

Revenue

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

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

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.

3 Material accounting policy information (Cont'd)

Revenue (Cont'd)

Customer loyalty award

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

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

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

Commissions from concessionaire sales

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

Consultancy and management service fees

Consultancy and management service fees are recognised, excluding service taxes and discounts when the services are rendered.

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.

Interest income

Interest income is recognised using the effective interest method.

Promotion income and sales commissions

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

Revenue from food and beverage operations

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

3 Material accounting policy information (Cont'd)

Income taxes

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss and consolidated statement of other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on the differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax assets and liabilities are recognised on transactions that, on initial recognition, give rise to equal amounts of deductible and taxable temporary differences, arising from leases.

Deferred tax liabilities are recognised on taxable temporary differences arising on investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed as at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity, respectively), or where they arise from the initial accounting for a business combination.

3 Material accounting policy information (Cont'd)

Sales tax

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

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

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

The net amount of sales tax recoverable from, or payable to, the tax authority is included as part of receivables or payables in the statements of financial position.

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.

Contingent liabilities are not recognised in the financial statements, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Discontinued operations

A discontinued operation is a component of an entity that either has been disposed of, or that is classified as held for-sale and:

(a) represents a separate major line of business or geographical area of operations;

(b) is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or

(c) is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held for sale. When an operation is classified as a discontinued operation, the comparative consolidated statement of profit or loss is re-presented as if the operation has been discontinued from the start of the comparative year.

3 Material accounting policy information (Cont'd)

Functional and foreign currency transactions and translation

The functional currency of the Company is Malaysian Ringgit. The Company has chosen to present its financial statements using Singapore Dollar ("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.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rate of exchange prevailing on the date of the transaction. As at each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

- exchange differences on transactions entered into to hedge certain foreign currency risks; and

- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur in the foreseeable future (therefore forming part of the net investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on disposal or partial disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in Singapore Dollar using exchange rates prevailing at the end of the reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a separate component of equity under the header "Other reserves - foreign currency translation reserve".

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or disposal involving loss of control over a subsidiary that includes a foreign operation, or loss of significant influence over an associate that includes a foreign operation), all of the accumulated exchange differences in respect of that operation attributable to the Group are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but are not reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

3 Material accounting policy information (Cont'd)

Functional and foreign currency transactions and translation (cont'd)

On consolidation, exchange differences arising from the translation of the net investment in foreign entities (including monetary items that, in substance, form part of the net investment in foreign entities), and of borrowings, are recognised in other comprehensive income and accumulated in a separate component of equity under the header "Other reserves - foreign currency translation reserve".

Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted-average number of ordinary shares outstanding during the year, adjusted for own shares held.

Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted-average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenue and incur expenses, including revenue and expenses that relate to transactions with any of the Group's other components. The Group determines and presents operating segments based on information that is provided internally to the Chief Executive Officer (the chief operating decision maker) who is responsible for allocating resources and assessing performance of the operating segments.

Disclosures on the Group's operating segments are provided in Note 31 to the financial statements.

4 Property, plant and equipment

The Group	Renovation SGD'000	Furniture and equipment SGD'000	Motor vehicles SGD'000	Total SGD'000
Cost				
At 1 January 2022	90,764	58,378	544	149,686
Additions	3,153	538	-	3,691
Disposals	-	(182)	(40)	(222)
Reclassification	(140)	140	-	-
Written off	(2,695)	(986)	-	(3,681)
Exchange differences	(3,864)	(3,803)	117	(7,550)
At 31 December 2022	**87,218**	**54,085**	**621**	**141,924**
Additions	**2,658**	**1,881**	**92**	**4,631**
Disposals	**(19)**	**(109)**	**(79)**	**(207)**
Reclassification	**(17)**	**17**	**-**	**-**
Written off	**(6,370)**	**(3,271)**	**-**	**(9,641)**
Deconsolidation of a subsidiary	**(33)**	**(145)**	**-**	**(178)**
Exchange differences	**(5,216)**	**(4,174)**	**(84)**	**(9,474)**
At 31 December 2023	**78,221**	**48,284**	**550**	**127,055**
Accumulated depreciation				
At 1 January 2022	60,876	52,855	497	114,228
Depreciation for the year	5,255	3,976	31	9,262
Disposals	-	(172)	(40)	(212)
Written off	(2,639)	(904)	-	(3,543)
Exchange differences	(3,535)	(3,396)	117	(6,814)
At 31 December 2022	**59,957**	**52,359**	**605**	**112,921**
Depreciation for the year	**4,702**	**1,555**	**40**	**6,297**
Disposals	**(19)**	**(108)**	**(71)**	**(198)**
Written off	**(6,033)**	**(3,256)**	**-**	**(9,289)**
Deconsolidation of a subsidiary	**-**	**(5)**	**-**	**(5)**
Exchange differences	**(4,328)**	**(3,453)**	**(77)**	**(7,858)**
At 31 December 2023	**54,279**	**47,092**	**497**	**101,868**
Accumulated impairment loss				
At 1 January 2022	7,429	1,494	11	8,934
Impairment loss	35	143	-	178
Reversal of impairment loss	(215)	(178)	-	(393)
Exchange differences	(302)	(215)	-	(517)
At 31 December 2022	**6,947**	**1,244**	**11**	**8,202**
Deconsolidation of a subsidiary	**(33)**	**(140)**	**-**	**(173)**
Exchange differences	**(235)**	**(55)**	**-**	**(290)**
At 31 December 2023	**6,679**	**1,049**	**11**	**7,739**
Net book value				
At 31 December 2023	**17,263**	**143**	**42**	**17,448**
At 31 December 2022	20,314	482	5	20,801

Included in the net book value of renovation of SGD17,263,000 (2022 - SGD20,314,000) as at 31 December 2023 is construction work-in-progress ("CWIP") of SGD284,000 (2022 - SGD156,000) which relates to a subsidiary, Parkson Corporation Sdn Bhd. There were no CWIP disposals during the financial years ended 31 December 2023 and 2022.

4 Property, plant and equipment (Cont'd)

(a) Restoration costs

Included in the additions to cost of renovation of SGD2,658,000 (2022 - SGD3,153,000) is provision for restoration costs totalling SGD741,000 (2022 - SGD632,000) which has been made during the financial year ended 31 December 2023. The movements in provision for restoration costs are disclosed in Note 18 to the financial statements.

(b) Construction work-in-progress (included in renovation)

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

(c) Impairment of assets

The Group made an assessment on the recoverable amounts of certain underperforming stores individually as separate cash generating units as at the reporting date. The recoverable amounts are based on the value-in-use calculations using cash flow projections based on financial budgets approved by management of the Group. Key assumptions used in the calculation of recoverable amounts are revenue growth rate, budgeted gross margin, discount rate and cost of debt (pre-tax). The values assigned to the key assumptions represent management's assessment of future trends in the industry that the Group operates in and are based on both external and internal sources.

The pre-tax discount rate applied to the cash flow projections for Malaysia is 10.7% (2022 - 7.8%).

As the recoverable amounts are determined to be higher than the carrying amounts, no impairment loss is required in respect of property, plant and equipment of these underperforming stores (2022 - SGD178,000) for the financial year ended 31 December 2023.

The Group reversed impairment charges of SGD393,000 in the previous financial year in respect of property, plant and equipment of certain stores in Malaysia owing to these assets being written off during the financial year ended 31 December 2022.

5 Investments in subsidiaries

The Company	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Unquoted equity instruments, at cost	**163,702**	163,702
Less: Impairment losses at beginning and end of year	**(8,361)**	(8,361)
Exchange difference	**(44,582)**	(38,111)
	110,759	117,230

The amount of SGD110,759,000 (2022 - SGD117,230,000) as at 31 December 2023 relates to investment in a subsidiary, Parkson Corporation Sdn Bhd.

5 Investments in subsidiaries (Cont'd)

The subsidiaries are:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activities
		2023	2022	
		%	%	
Held by the Company				
Parkson Corporation Sdn Bhd[(b)]	Malaysia	**100**	100	Operation of department stores
Centro Retail Pte Ltd[(a)]	Singapore	**100**	100	Investment holding
Parkson Myanmar Co Pte Ltd[(a)]	Singapore	**100**	100	Investment holding
Parkson Yangon Co Ltd[(d)]	Myanmar	**[(*)]100**	[(*)]100	Dormant
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[(c)(g)]	Vietnam	**-**	100	Ceased operations
Parkson Haiphong Co Ltd[(c)(f)]	Vietnam	**100**	100	Dormant
Parkson Cambodia Holdings Co Ltd[(d)]	British Virgin Islands	**100**	100	Investment holding
Parkson SGN Co Ltd[(c)(f)]	Vietnam	**100**	100	Dormant
Parkson Edutainment World Sdn Bhd[(b)]	Malaysia	**100**	100	Dormant
Parkson Lifestyle Sdn Bhd[(b)]	Malaysia	**100**	100	Trading of apparels and consumer products
Parkson Unlimited Beauty Sdn Bhd[(b)]	Malaysia	**100**	100	Dormant
Parkson Private Label Sdn Bhd[(b)]	Malaysia	**100**	100	Trading of apparels and consumer products
Solid Gatelink Sdn Bhd[(b)]	Malaysia	**100**	100	Operation of food and beverage business
Parkson Trends Sdn Bhd[(b)]	Malaysia	**100**	100	Dormant
Parkson Trading (Vietnam) Co Ltd[(c)(f)]	Vietnam	**100**	100	Dormant
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd[(c)(f)(g)]	Vietnam	**-**	100	Dormant

5 Investments in subsidiaries (Cont'd)

Name	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activities
		2023	2022	
		%	%	
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd[(d)]	Cambodia	**100**	100	Dormant
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd[(a)]	Singapore	**70**	70	Dormant
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd[(e)]	Singapore	**-**	100	Investment holding
Myanmar Parkson Company Limited[(d)(f)]	Myanmar	**100**	100	Dormant

(a) Audited by Foo Kon Tan LLP
(b) Audited by Grant Thornton Malaysia PLT, Malaysia
(c) Audited by AASC Ltd, Vietnam
(d) Not required to be audited by law in the country of incorporation
(e) Struck off from the register on 6 April 2023
(f) In the process of application for dissolution
(g) Deconsolidated during the year ended 31 December 2023 arising from loss of control
(*) 5% (2022 - 5%) held via Parkson Myanmar Co Pte Ltd

In accordance with Rule 716 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they are satisfied that the appointment of different auditors for its subsidiaries would not compromise the standard and effectiveness of the audit of the Group and of the Company.

(a) Impairment

During the financial year ended 31 December 2023, the Company has assessed the carrying amounts of its investments in subsidiaries for indicators of impairment and carried out a review on the recoverable amount of the investments in subsidiaries. The estimated recoverable amount is determined based on value-in-use calculations. The calculation uses pre-tax cash flow projections based on financial budget approved by the management covering a three-year period. The cash flow projections included specific estimates for three years and a terminal growth rate thereafter. No impairment loss has been provided for the financial years ended 31 December 2023 and 2022.

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

The Group has no subsidiary that has material NCI as at the reporting date.

5 Investments in subsidiaries (Cont'd)

(c) Loss of control of subsidiaries

On 28 April 2023, Parkson Vietnam had filed for voluntary bankruptcy ("Application") with the People's Court of Ho Chi Minh City, Vietnam (the "Court") on the grounds that Parkson Vietnam is insolvent and is unable to continue with the business to pay its liabilities owing to creditors.

As of the date of this report, the occurrence of events following the Application are as follows:

- On 2 June 2023 - Parkson Vietnam received civil case from a landlord for amount owing of SGD8,210,000 (VND151 billion) in relation to the leased premises at Saigon Tourist Plaza.

- On 8 August 2023 - the Court applied temporary emergency measures as Pre-judgement Attachment and issued Decisions to freeze two bank accounts.

- On 1 November 2023 - the Court accepted the Application.

- On 27 November 2023 - the Court issued Decision to litigants to the temporary suspension of civil case in relation to the leased premises at Saigon Tourist Plaza.

- On 29 January 2024 - the Court issued Decision to litigants to the temporary suspension of civil case in relation to the leased premises in Danang.

The leased premises located at Saigon Tourist Plaza has been handed over to the landlord in August 2023. The corresponding sub-tenants were terminated effectively by August 2023. Arising from the handover, Parkson Vietnam has ceased business.

The directors of the Group believed that in so far it relates to Parkson Vietnam, subject to the supervision of the Court, the decisions regarding the daily financial and operating policies are now directed for the benefit of the creditors, and the directors of the Group are restricted from making any significant financial decisions without the approval of the Court. The pre-bankruptcy shareholders' voting interests are expected to be diluted (thereby resulting in the parent ultimately losing control) upon exiting from bankruptcy.

In the opinion of the directors of the Group, the Group has lost its practical ability to affect returns through its power over Parkson Vietnam effective 8 August 2023 and that the financial statements have been prepared on the basis that the financial results of Parkson Vietnam and its subsidiary, PMS will be deconsolidated on the said date and presented under discontinued operations (Note 26) for the financial year ended 31 December 2023 on the premise that the operating results of Parkson Vietnam are regularly reported and reviewed by the chief of decision making where Vietnam is a separate geographical area of operations reported in the Group's financial statements.

The gain on deconsolidation of subsidiaries is recorded within "Discontinued operations" (Note 26).

5 Investments in subsidiaries (Cont'd)

(c) Loss of control of subsidiaries (Cont'd)

Details of net assets/(liabilities) derecognised arising from the deconsolidation are as follows:

	8 August 2023 SGD'000
Intangible assets	**11**
Trade and other receivables	**433**
Lease receivables	**1,205**
Cash and bank balances	**60**
Trade and other payables	**(12,883)**
Lease liabilities	**(3,187)**
Net liabilities derecognised	**(14,361)**
Gain on deconsolidation of subsidiaries (Note 26)	**10,328**
Realisation of foreign currency translation reserve	**4,033**
Cash consideration received	**-**

Net cash outflows arising from deconsolidation of subsidiaries are as follows:

	8 August 2023 SGD'000
Cash consideration received	**-**
Cash and bank balances in subsidiaries derecognised	**(60)**
Net cash outflows	**(60)**

6 Investment in an associate

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Unquoted equity investment, at cost	**5,178**	5,178
Deconsolidation of Parkson Vietnam	**(5,178)**	-
	-	5,178
Impairment loss at beginning and at end of year	**(5,252)**	(5,252)
Exchange difference	**74**	74
Deconsolidation of Parkson Vietnam	**5,178**	-
	-	(5,178)
	-	-

6 Investment in an associate (Cont'd)

Details of the associate are as follows:

Name	Country of incorporation/ principal place of business	Proportion of ownership interest and voting rights held by the Group		Principal activities
		2023	2022	
		%	%	
Held by Parkson Vietnam Co Ltd ("Parkson Vietnam")				
Parkson Hanoi Co Ltd[a]	Vietnam	-	45	Dormant

[a] Audited by AASC Ltd.

In accordance with Rule 715 of the Singapore Exchange Securities Trading Limited - Listing Rules, the Audit Committee and Board of Directors of the Company confirmed that they were satisfied that the appointment of a different auditor for its associate would not compromise the standard and effectiveness of the audit of the Group.

Summarised financial information of the associate

The summarised financial information of the associate based on its International Financial Reporting Standard financial statements and a reconciliation with the carrying amount of the investment in the consolidated financial statements were as follows:

	Parkson Hanoi Co Ltd	
	31 December 2023	31 December 2022
The Group	**SGD'000**	SGD'000
Statement of financial position		
Current assets, representing total assets	-	388
Current liabilities, representing total liabilities	-	(14,972)
Net liabilities, representing deficit in equity	-	(14,584)
Proportion of the Group's ownership	-	45%
Group's share of net liabilities	-	(6,563)
Group's share of net liabilities not recognised	-	6,563
Group's carrying amount of the investment	-	-

There were no commitment and contingent liabilities to be disclosed and provided for as at 31 December 2022.

6 Investment in an associate (Cont'd)

Summarised financial information of the associate (Cont'd)

The Group	Parkson Hanoi Co Ltd **31 December 2023 SGD'000**	 31 December 2022 SGD'000
Statement of profit or loss and other comprehensive income		
Revenue	**-**	-
Loss after tax, representing total comprehensive expense for the year	**-**	(5)
Proportion of the Group's ownership	**-**	45%
Group's share of current year's unrecognised loss	**-**	-
Group's cumulative share of unrecognised losses	**-**	(832)

7 Deferred tax assets/Deferred tax liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Presented after appropriate offsetting as follows:		
Deferred tax assets	**36,195**	41,502
Deferred tax liabilities	**(30,672)**	(36,450)
	5,523	5,052

7 Deferred tax assets/Deferred tax liabilities (Cont'd)

The deferred tax assets and liabilities are expected to be recovered after 1 year from the reporting date.

	<----Deferred tax assets--->			<-------Deferred tax liabilities----->			
	Provisions and contract liabilities	Lease liabilities	Total deferred tax assets	Difference in depreciation for tax purpose	Right-of-use assets	Total deferred tax liabilities	Total
The Group	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
At 1 January 2022	1,714	43,997	45,711	(530)	(40,360)	(40,890)	4,821
Recognised in profit or loss (Note 25(a))	21	(1,510)	(1,489)	(281)	2,307	2,026	537
Exchange translation difference	(102)	(2,618)	(2,720)	41	2,373	2,414	(306)
At 31 December 2022	**1,633**	**39,869**	**41,502**	**(770)**	**(35,680)**	**(36,450)**	**5,052**
Recognised in profit or loss (Note 25(a))	**(27)**	**(3,066)**	**(3,093)**	**14**	**3,848**	**3,862**	**769**
Exchange translation difference	**(90)**	**(2,124)**	**(2,214)**	**42**	**1,874**	**1,916**	**(298)**
At 31 December 2023	**1,516**	**34,679**	**36,195**	**(714)**	**(29,958)**	**(30,672)**	**5,523**

Unrecognised tax losses

At the end of the reporting year, the Group has tax losses of approximately SGD42,528,000 (2022 - SGD69,319,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset of approximately SGD10,207,000 (2022 - SGD15,690,000) 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 SGD851,000 (2022 - SGD25,725,000) which will expire in 2024-2028 (2022 - 2023-2027).

8 Trade and other receivables

	Note	The Group **31 December 2023 SGD'000**	The Group 31 December 2022 SGD'000	The Company **31 December 2023 SGD'000**	The Company 31 December 2022 SGD'000
Current:					
Trade receivables	(a)	**1,016**	2,151	**-**	-
Allowance for expected credit losses	(a)	**(164)**	(452)	**-**	-
		852	1,699	**-**	-
Credit card receivables	(b)	**5,470**	3,960	**-**	-
Sales tax receivables		**804**	2,305	**-**	-
Sundry receivable from sale of vouchers		**-**	2	**-**	-
Other receivables	(c)	**2,160**	2,070	**120**	-
Amount due from managed stores		**-**	4,277	**-**	-
Advance to suppliers		**51**	-	**-**	-
Rental deposits	(d)	**360**	971	**-**	-
Other deposits	(e)	**737**	10,828	**-**	-
Net investments in sublease	(f)	**197**	3,229	**-**	-
Amount due from related companies (non-trade)	(g)	**205**	6,334	**-**	-
Amount due from subsidiaries (non-trade)	(g)	**-**	-	**8,598**	19,177
		9,984	33,976	**8,718**	19,177
Allowance for expected credit losses	(a)	**(285)**	(20,194)	**(8,718)**	(19,177)
		9,699	13,782	**-**	-
		10,551	15,481	**-**	-
Non-current:					
Rental deposits	(d)	**7,235**	8,634	**-**	-
Other deposits		**17**	67	**-**	-
Deferred lease expenses		**22**	569	**-**	-
Net investments in sublease	(f)	**477**	28,813	**-**	-
		7,751	38,083	**-**	-
Allowance for expected credit losses	(a)	**(3,541)**	(3,598)	**-**	-
		4,210	34,485	**-**	-
Total trade and other receivables (current and non-current)		**14,761**	49,966	**-**	-
Cash and short-term deposits (Note 13)		**102,075**	106,574	**1,200**	113
Sales tax receivables		**(804)**	(2,305)	**-**	-
Deferred lease expenses		**(22)**	(569)	**-**	-
Advances to suppliers		**(51)**	-	**-**	-
Total financial assets carried at amortised cost		**115,959**	153,666	**1,200**	113

8 Trade and other receivables (Cont'd)

(a) Trade receivables

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

Expected credit losses

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

The Group	Trade receivables SGD'000	Other receivables SGD'000	Amount due from managed stores SGD'000	Amount due from related companies SGD'000	Rental deposits SGD'000	Other deposits SGD'000	Total SGD'000
At 1 January 2022	537	437	4,256	5,846	3,620	10,137	24,833
Charge for the year	72	22	-	-	-	-	94
Write-off	(96)	-	-	-	-	-	(96)
Write-back	(37)	(146)	-	-	-	-	(183)
Exchange differences	(24)	(23)	21	28	(22)	(384)	(404)
At 31 December 2022	**452**	**290**	**4,277**	**5,874**	**3,598**	**9,753**	**24,244**
Charge for the year	**109**	**-**	**-**	**-**	**-**	**-**	**109**
Write-off	**(147)**	**-**	**-**	**-**	**-**	**-**	**(147)**
Write-back	**(5)**	**-**	**-**	**-**	**-**	**-**	**(5)**
Deconsolidation of subsidiaries	**(235)**	**-**	**(4,091)**	**(5,619)**	**-**	**(9,649)**	**(19,594)**
Exchange differences	**(10)**	**(5)**	**(186)**	**(255)**	**(57)**	**(104)**	**(617)**
At 31 December 2023	**164**	**285**	**-**	**-**	**3,541**	**-**	**3,990**

The Company	Other receivables SGD'000	Due from subsidiaries SGD'000	Total SGD'000
At 1 January 2022	71	18,710	18,781
Charge for the year	-	1,269	1,269
Exchange differences	(4)	(869)	(873)
At 31 December 2022	**67**	**19,110**	**19,177**
Charge for the year	**629**	**1,656**	**2,285**
Write-back	**-**	**(3)**	**(3)**
Write-off	**-**	**(11,683)**	**(11,683)**
Exchange differences	**(576)**	**(482)**	**(1,058)**
At 31 December 2023	**120**	**8,598**	**8,718**

8 Trade and other receivables (Cont'd)

(b) 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.

(c) Other receivables

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

(d) Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 2 to 20 years (2022 - 2 to 20 years). Rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

In 2017, the Group carried out a review on the recoverable amount of its rental deposits and recognised an impairment loss of SGD3,231,000 in respect of rental deposit of a planned store in Cambodia. In 2018, the Group issued letter of termination of lease agreement due to prolonged delays in the completion and handing over the premises by the lessor. On 14 September 2020, the Singapore International Arbitration Centre ("SIAC") issued a final award wherein the SIAC Arbitration found, *inter alia*, that the lease agreement was lawfully terminated by the Group (see further details in Note 35).

Rental deposits denominated in foreign currencies are as follows:

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
United States Dollar	**-**	1,616

(e) Other deposits (current)

In 2022, included in other deposits of SGD10,828,000 is an amount of SGD9,753,000 paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") 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 were non-interest bearing and secured by collateral over the charter capital of the respective companies and were fully provided for in past years. During the financial year ended 31 December 2023, the Group deconsolidated Parkson Vietnam and its directly-owned subsidiary (Note 5(c)).

8 Trade and other receivables (Cont'd)

(f) Net investments in sublease

The Group recognises net investments in sublease as a result of sublease contracts classified as finance leases.

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Undiscounted lease payments to be received:		
- Year 1	**220**	6,197
- Year 2	**161**	5,798
- Year 3	**119**	5,948
- Year 4	**78**	5,918
- Year 5	**78**	6,132
- Year 6 and onwards	**245**	12,910
Gross investment in leases	**901**	42,903
Less: Unearned finance income	**(233)**	(11,270)
Present value of lease payments receivables	**668**	31,633
Exchange difference	**6**	409
Net investments in sublease	**674**	32,042
Presented as:		
- Current	**197**	3,229
- Non-current	**477**	28,813
	674	32,042

Information about the Group's leasing activities are disclosed in Note 20 to the financial statements.

The net investments in sublease have an average effective interest rate of approximately 5.9% (2022 - 8.0%) per annum.

The carrying amount of non-current portion of net investments in sublease is discounted at market borrowing rates and it approximates its fair value.

The Group estimates the loss allowance on finance lease receivables at the end of the reporting period at an amount equal to lifetime ECL. None of the finance lease receivables at the end of the reporting period is past due, and taking into account the historical default experience, the Group considers that no finance lease receivable is credit impaired.

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for finance lease receivables.

During the financial year ended 31 December 2023, the Group reported a loss on termination of subleases of SGD28,584,000 (Note 26) arising from the termination of head lease with the landlord of the leased premise located at Saigon Tourist Plaza (Note 5(c)).

8 Trade and other receivables (Cont'd)

(g) Amounts due from related companies/subsidiaries

In 2022, included in the amounts due from subsidiaries were non-trade amounts of SGD10,142,000 that were unsecured, beared interest at rates ranging from 5.00% to 8.61% per annum and were repayable on demand when the cashflows of the subsidiary permit. The amount due from the said subsidiary has been written off during the financial year ended 31 December 2023.

During the financial year ended 31 December 2023, the Company continues to review the recoverable amount of balances due from its loss-making subsidiaries and recognised further impairment losses of SGD2,285,000 (2022 - SGD1,269,000) in profit or loss.

The related companies refer to companies within the Parkson Holdings Berhad group.

9 Prepayments

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Current:		
Prepaid rental	**127**	37
Others	**1,247**	1,769
	1,374	1,806
Non-current:		
Others	**23**	2
	23	2

10 Intangible assets

The Group	Club memberships SGD'000	Computer software SGD'000	Licensing fee SGD'000	Total SGD'000
Cost				
At 1 January 2022	82	1,389	911	2,382
Exchange differences	(6)	(78)	(56)	(140)
At 31 December 2022	**76**	**1,311**	**855**	**2,242**
Deconsolidation of a subsidiary	**-**	**(471)**	**-**	**(471)**
Exchange differences	**(4)**	**(73)**	**(48)**	**(125)**
At 31 December 2023	**72**	**767**	**807**	**1,646**
Accumulated amortisation				
At 1 January 2022	21	1,261	381	1,663
Amortisation for the year	-	15	-	15
Exchange differences	(2)	(71)	(23)	(96)
At 31 December 2022	**19**	**1,205**	**358**	**1,582**
Deconsolidation of a subsidiary	**-**	**(460)**	**-**	**(460)**
Exchange differences	**(1)**	**(62)**	**(20)**	**(83)**
At 31 December 2023	**18**	**683**	**338**	**1,039**
Accumulated impairment loss				
At 1 January 2022	-	95	530	625
Exchange differences	-	(6)	(33)	(39)
At 31 December 2022	**-**	**89**	**497**	**586**
Exchange differences	**-**	**(5)**	**(28)**	**(33)**
At 31 December 2023	**-**	**84**	**469**	**553**
Net carrying amount				
At 31 December 2023	**54**	**-**	**-**	**54**
At 31 December 2022	57	17	-	74

Licensing fee relates to payment in respect of the Group's exclusive right to develop and operate bakery stores using the Hogan trademark and technical know-how in Malaysia.

11 Investment securities

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Non-current:		
At fair value through other comprehensive income ("FVOCI")		
Equity securities (unquoted)		
- Lion Insurance Company Limited	**246**	261

The Group has elected to measure these equity securities at FVOCI due to the Group's intention to hold these equity instruments for long-term appreciation. During the financial year ended 31 December 2023, the Group recognised a dividend of SGD8,000 (2022 - Nil) from the investee.

12 Inventories

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Merchandise inventories, at net realisable value	**23,123**	20,097

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Inventories recognised as an expense in merchandise inventories and consumables used	**68,799**	70,288
Inclusive of the following charge:		
- Allowance for inventory shrinkage	**84**	178
- Inventory written off	**-**	106

13 Cash and short-term deposits

	The Group		The Company	
	31 December 2023 SGD'000	31 December 2022 SGD'000	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Cash and bank balances	**8,648**	7,287	**1,200**	113
Short-term deposits placed with				
- licensed banks	**47,476**	44,572	**-**	-
- financial institutions	**45,951**	54,715	**-**	-
	93,427	99,287	**-**	-
Cash and short-term deposits	**102,075**	106,574	**1,200**	113

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 and have varying periods of maturities within twelve months (2022 - within six months). The weighted average effective interest rate of these short-term deposits for the Group as at 31 December 2023 was 3.18% (2022 - 2.94%) per annum.

As at 31 December 2023, short-term deposits of SGD9,280,000 (2022 - SGD8,703,000) are pledged to a bank for facilities granted to a subsidiary (Note 19(a)).

Included in the Group's cash and bank balances as at 31 December 2022 is an amount of SGD137,000 that represented bank account being frozen which arose from a legal suit against a subsidiary, Parkson Vietnam as disclosed in the Annual Report 2022. This amount was excluded from cash and cash equivalents.

13 Cash and short-term deposits (Cont'd)

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

	The Group		The Company	
	31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	SGD'000	SGD'000	**SGD'000**	SGD'000
Ringgit Malaysia	**100,019**	105,158	**4**	2
Myanmar Kyat	**63**	69	**-**	-
Singapore Dollar	**1,196**	111	**1,196**	111
Vietnamese Dong	**107**	541	**-**	-
United States Dollar	**690**	695	**-**	-
	102,075	106,574	**1,200**	113

14(a) Share capital

The Group and The Company	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
	No. of ordinary shares			
	'000	'000	**SGD'000**	SGD'000
Issued and fully paid with no par value:				
Balance at beginning and end of year	**677,300**	677,300	**231,676**	231,676

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All shares rank equally with regard to the Company's residual assets.

14(b) Treasury shares

The Group and The Company	**31 December 2023**	31 December 2022	**31 December 2023**	31 December 2022
	No. of ordinary shares			
	'000	'000	**SGD'000**	SGD'000
Balance at beginning and end of year	**3,500**	3,500	**549**	549

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

15 Other reserves

		The Group		The Company	
		31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	Note	**SGD'000**	SGD'000	**SGD'000**	SGD'000
Foreign currency translation reserve	(a)	**(43,112)**	(45,551)	**(60,396)**	(55,183)
Capital redemption reserve	(b)	**1**	1	**-**	-
Acquisition reserve	(c)	**(2,762)**	(2,762)	**-**	-
Capital contribution from ultimate holding company	(d)	**8,833**	9,959	**-**	-
Fair value reserve		**198**	198	**-**	-
Merger reserve	(e)	**(123,753)**	(123,753)	**-**	-
		(160,595)	(161,908)	**(60,396)**	(55,183)

(a) 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's and the Group's presentation currency.

(b) Capital redemption reserve arose from redemption of preference shares of a subsidiary, Parkson Corporation Sdn Bhd, in previous years.

(c) Acquisition reserve mainly represents the discount on acquisition of 30% non-controlling interests of Parkson Edutainment World Sdn Bhd.

(d) Capital contribution of SGD8,833,000 (2022 - SGD9,959,000) from ultimate holding company, Parkson Holdings Berhad ("PHB"), 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 PHB ESOS for eligible employees of the Group. During the financial year ended 31 December 2023, capital contribution of SGD1,126,000 has been transferred to accumulated losses upon deconsolidation of subsidiaries (Note 5(c)).

(e) 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".

16 Trade and other payables

		The Group		The Company	
		31 December 2023	31 December 2022	**31 December 2023**	31 December 2022
	Note	**SGD'000**	SGD'000	**SGD'000**	SGD'000
Current:					
Trade payables	(a)	**91,199**	115,147	**-**	-
Payables to suppliers of property, plant and equipment		**218**	4	**-**	-
Other payables	(b)	**4,925**	7,915	**203**	333
Sales tax payables		**93**	94	**-**	-
Rental deposits	(c)	**207**	248	**-**	-
Deferred lease income	(c)	**10**	143	**-**	-
Non-trade amounts due to:	(d)				
- ultimate holding company		**22**	6,636	**-**	6,622
- related companies		**9,498**	10,158	**534**	564
- an associate		**-**	8	**-**	-
- a subsidiary		**-**	-	**22,328**	11,333
		106,172	140,353	**23,065**	18,852
Non-current:					
Rental deposits	(c)	**154**	1,492	**-**	-
Deferred lease income	(c)	**10**	4	**-**	-
Provision for severance allowance		**-**	8	**-**	-
		164	1,504	**-**	-
Total trade and other payables (current and non-current)		**106,336**	141,857	**23,065**	18,852
Add:					
Tax payable		**1,968**	3,586	**-**	-
Other liabilities	17(a)	**11,265**	14,418	**743**	1,100
Provisions	18	**6,581**	6,535	**-**	-
Loans and borrowings	19	**1,895**	6,919	**-**	2,078
Lease liabilities	20	**150,217**	191,798	**-**	-
Less:					
Tax payable		**(1,968)**	(3,586)	**-**	-
Sales tax payables		**(93)**	(94)	**-**	-
Deferred lease income		**(20)**	(147)	**-**	-
Provision for severance allowance		**-**	(8)	**-**	-
Total financial liabilities carried at amortised cost		**276,181**	361,278	**23,808**	22,030

16 Trade and other payables (Cont'd)

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 to 90 days' terms. These are all settled on an expected date.

Subsequent to the financial year ended 31 December 2023, the Group has repaid approximately SGD88,950,000 of the SGD91,199,000 current trade payables up to the date of this financial statements.

(b) Other payables

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

(c) Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Rental deposits have maturity ranging from 1 to 3 years (2022 - 1 to 13 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.

(d) Amounts due to ultimate holding company/related companies/an associate/a subsidiary

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

17(a) Other liabilities

	The Group		The Company	
	31 December 2023 SGD'000	31 December 2022 SGD'000	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Accrued operating expenses	**2,766**	2,162	**-**	-
Accrued staff costs	**4,863**	4,035	**-**	-
Accrued expenses for additions to property, plant and equipment	**2,172**	1,865	**-**	-
Accrued interest on loans from ultimate holding company	**743**	1,100	**743**	1,100
Accrued compensation to landlord	**-**	3,010	**-**	-
Others	**721**	2,246	**-**	-
	11,265	14,418	**743**	1,100

As at 31 December 2022, the accrued compensation to landlord of SGD3,010,000 (net of deposit of RM1,063,000 (SGD323,000)) was related to the amount payable for the settlement between Parkson Corporation Sdn Bhd and Millennium Mall Sdn Bhd as disclosed in the Annual Report 2022 - Note 35. The amount was fully paid to the landlord on 2 March 2023.

17(b) Contract liabilities

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Deferred revenue from:		
- Vouchers sold	**5,029**	5,213
- Customer loyalty award	**1,172**	1,345
	6,201	6,558

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

Deferred revenue from vouchers sold

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
At beginning of year	**5,213**	5,801
Arising during the year	**10,888**	10,428
Recognised as revenue	**(10,385)**	(9,994)
Write back	**(365)**	(673)
Exchange differences	**(322)**	(349)
At end of year	**5,029**	5,213

Deferred revenue from customer loyalty award

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
At beginning of year	**1,345**	1,095
Additions, net	**1,770**	1,881
Recognised as revenue	**(1,867)**	(1,564)
Exchange differences	**(76)**	(67)
At end of year	**1,172**	1,345

18 Provisions

The Group	31 December 2023 SGD'000	31 December 2022 SGD'000
Provisions for restoration costs		
- Current	**1,170**	1,773
- Non-current	**5,411**	4,762
Total provisions for restoration costs	**6,581**	6,535

The Group	31 December 2023 SGD'000	31 December 2022 SGD'000
At beginning of year	**6,535**	6,439
Additions (Note 4(a))	**741**	632
Reversal against property, plant and equipment	**(201)**	(223)
Utilisation	**-**	(73)
Unwinding of discount (Note 22(a))	**243**	157
Written off	**(285)**	-
Exchange differences	**(452)**	(397)
At end of year	**6,581**	6,535

19 Loans and borrowings

		The Group		The Company	
	Note	31 December 2023 SGD'000	31 December 2022 SGD'000	31 December 2023 SGD'000	31 December 2022 SGD'000
Current					
Bank overdraft	(a)	**210**	440	**-**	-
Bankers' acceptance	(a)	**1,685**	1,817	**-**	-
Loan from a third party	(b)	**-**	1,334	**-**	-
Loan from owner of a managed store (Vietnam)	(c)	**-**	1,250	**-**	-
		1,895	4,841	**-**	-
Non-current					
Loans from ultimate holding company	(d)	**-**	2,078	**-**	2,078
		-	2,078	**-**	2,078
Total loans and borrowings		**1,895**	6,919	**-**	2,078

19 Loans and borrowings (Cont'd)

(a) Bank overdraft and bankers' acceptance

The bank borrowings are secured by short-term deposits of SGD9,280,000 (2022 - SGD8,703,000) (Note 13) and a corporate guarantee from a subsidiary, Parkson Corporation Sdn Bhd ("PCSB"), in favour of a bank for facilities extended to another subsidiary.

Two banks have placed restrictions on PCSB:

- to grant any additional/new intercompany loans, advances and investments in subsidiaries; and
- to make any repayment of non-trade intercompany loans and advances.

These restrictions have been discharged by the banks on 12 May 2023.

The weighted average effective interest rates at the reporting date are as follows:

The Group	**31 December 2023**	31 December 2022
Bank overdraft	**6.4%**	6.4%
Bankers' acceptance	**4.5%**	3.4%

(b) Loan from a third party

Loan from a third party was unsecured and beared interest at 7% per annum. The loan from a third party was fully repaid on 17 April 2023.

(c) Loan from owner of a managed store (Vietnam)

Loan from owner of a managed store was unsecured, beared no interest and had no fixed terms of repayment. The loan was deconsolidated upon the loss of control of Parkson Vietnam (Note 5(c)).

(d) Loans from ultimate holding company

The loans from ultimate holding company were unsecured, beared interest at 3% per annum and were repayable from first half of 2023, the third anniversary of each drawdown. The Company had fully repaid the loans on 22 March 2023.

The Group has unutilised banking facilities of approximately SGD2,346,000 (2022 - SGD2,302,000) and unutilised loan facility of approximately RM30,000,000 (2022 - RM23,200,000) with the ultimate holding company as at 31 December 2023 that are available for use.

20 Leases

The Group as lessee

The Group has lease contracts for retail and office premises, furniture and equipment and motor vehicles. The Group's obligations under its leases are secured by the lessor's title to the leased assets.

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

20 Leases (Cont'd)

The Group as lessee (Cont'd)

(a) *Right-of-use assets*

The carrying amount of right-of-use assets and movements are as follows:

The Group	Retail and office premises SGD'000	Furniture and equipment SGD'000	Motor vehicles SGD'000	Total SGD'000
Cost				
At 1 January 2022	361,382	2,649	165	364,196
Additions	12,616	-	-	12,616
Derecognition	(1,436)	-	-	(1,436)
Lease modifications	12,439	-	-	12,439
Exchange differences	(20,421)	-	-	(20,421)
At 31 December 2022	**364,580**	**2,649**	**165**	**367,394**
Additions	**5,995**	**-**	**-**	**5,995**
Decrease arising from sublease	**(327)**	**-**	**-**	**(327)**
Derecognition	**(9,749)**	**-**	**-**	**(9,749)**
Deconsolidation of a subsidiary	**(23,322)**	**-**	**-**	**(23,322)**
Lease modifications	**15,910**	**-**	**-**	**15,910**
Exchange differences	**(16,001)**	**-**	**-**	**(16,001)**
At 31 December 2023	**337,086**	**2,649**	**165**	**339,900**
Accumulated depreciation				
At 1 January 2022	160,865	1,172	79	162,116
Depreciation for the year	36,166	388	30	36,584
Derecognition	(1,418)	-	-	(1,418)
Exchange differences	(7,925)	-	-	(7,925)
At 31 December 2022	**187,688**	**1,560**	**109**	**189,357**
Depreciation for the year	**32,382**	**388**	**30**	**32,800**
Derecognition	**(9,024)**	**-**	**-**	**(9,024)**
Deconsolidation of a subsidiary	**(2,939)**	**-**	**-**	**(2,939)**
Exchange differences	**(7,772)**	**-**	**-**	**(7,772)**
At 31 December 2023	**200,335**	**1,948**	**139**	**202,422**
Accumulated impairment loss				
At 1 January 2022	30,182	-	-	30,182
Reversal of impairment loss	(872)	-	-	(872)
Exchange differences	(1,260)	-	-	(1,260)
At 31 December 2022	**28,050**	**-**	**-**	**28,050**
Deconsolidation of a subsidiary	**(20,383)**	**-**	**-**	**(20,383)**
Exchange differences	**(624)**	**-**	**-**	**(624)**
At 31 December 2023	**7,043**	**-**	**-**	**7,043**
Net book value				
At 31 December 2023	**129,708**	**701**	**26**	**130,435**
At 31 December 2022	148,842	1,089	56	149,987

20 Leases (Cont'd)

The Group as lessee (Cont'd)

(a) *Right-of-use assets (Cont'd)*

The Group made an assessment on the recoverable amounts of certain underperforming stores as at the reporting date. The basis and key assumptions to the recoverable amounts are disclosed in Note 4(c).

As the recoverable amounts are determined to be higher than the carrying amounts, no impairment loss is required in respect of right-of-use assets of these underperforming stores for the financial years ended 31 December 2023 and 2022.

The Group reversed impairment charges of SGD872,000 in respect of right-of-use assets of certain stores in Malaysia where the recoverable amounts are determined to be higher than carrying amounts as at 31 December 2022.

(b) *Lease liabilities*

Lease liabilities have been recognised for the remaining lease payments for the rental of retail and office premises, furniture and equipment and motor vehicles.

The movement of the lease liabilities are as follows:

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
At beginning of year	**191,798**	215,556
Additions	**6,189**	13,152
Accretion of interest	**13,368**	15,850
Rent concession (Note 24)	**(323)**	(917)
Payments	**(44,560)**	(53,765)
Lease modifications	**16,903**	13,117
Lease derecognition	**(2,070)**	(242)
Termination of leases*	**(19,324)**	-
Exchange differences	**(11,764)**	(10,953)
At end of year	**150,217**	191,798
Current	**34,795**	31,760
Non-current	**115,422**	160,038
	150,217	191,798

*Arose from termination of lease with the landlord for the leased premises located at Saigon Tourist Plaza (Note 5(c)).

The maturity analysis of lease liabilities is disclosed in Note 32.1 to the financial statements.

The weighted average incremental borrowing rate applied to measure the lease liabilities is 7.0% (2022 - 7.3%) per annum.

20 Leases (Cont'd)

The Group as lessee (Cont'd)

(c) *Amounts recognised in consolidated profit or loss (Note 24)*

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Depreciation of right-of-use assets	**32,800**	36,584
Interest expense on lease liabilities (Note 22(a) and Note 26)	**13,672**	15,855
Variable lease payments	**1,721**	401
Short-term leases	**6,837**	2,231
Lease of low-value assets	**77**	75

(d) *Total cash outflows*

The Group had total cash outflows for leases of SGD53,195,000 (2022 - SGD56,472,000) during the financial year ended 31 December 2023.

(e) *Variable lease payments*

The leases for department stores contain variable lease payments that are based on a percentage of sales generated by the outlets ranging from 5% to 15% on top of fixed payments. These variable lease payments are recognised in consolidated profit or loss as and when incurred and amounted to SGD1,721,000 (2022 - SGD401,000) during the financial year ended 31 December 2023.

(f) *Extension options*

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

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

The Group	Within five years SGD'000	More than 5 years SGD'000	Total SGD'000
As at 31 December 2023			
Extension options expected not to be exercised	**28,284**	**66,950**	**95,234**
As at 31 December 2022			
Extension options expected not to be exercised	12,832	20,948	33,780

20 Leases (Cont'd)

The Group as intermediate lessor of sublease

The Group acts as an intermediate lessor under arrangements whereby it subleases out certain parts of its leased retail premises.

For the sublet of certain retail premises, the sublease periods do not form a major part of the remaining head lease terms and accordingly, their subleases are classified as operating lease. For the sublet of other retail premises, the subleases are classified as finance lease because these subleases are for substantial portion of the remaining head lease terms.

(g) *Sublease - classified as operating lease*

Income from subleasing certain retail premises of SGD2,259,000 (2022 - SGD2,196,000) for the financial year ended 31 December 2023 is included within revenue (Note 21) in the consolidated profit or loss.

Undiscounted lease payments from the sublease of the certain retail premises to be received after the reporting date are disclosed in Note 29(b) to the financial statements.

(h) *Sublease - classified as finance lease*

The Group's subleases of its certain right-of-use assets of the retail premises is accounted for by derecognising the right-of-use assets relating to the head leases and recognising the net investments in the sublease (Note 8(f)).

(i) *Amounts recognised in consolidated profit or loss*

Finance income on the net investments in sublease of SGD1,357,000 (2022 - SGD2,559,000) for the financial year ended 31 December 2023 is recognised in consolidated profit or loss (Note 22(a) and Note 26).

21 Revenue

	Continuing operations		Discontinued operations	
	Year ended 31 December 2023	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022
The Group	**SGD'000**	SGD'000	**SGD'000**	SGD'000
Sale of goods - direct sales	**104,113**	101,091	**-**	-
Commissions from concessionaire sales	**113,184**	125,672	**509**	1,698
Consultancy and management service fees	**446**	449	**-**	-
Revenue from food and beverage operations	**2,237**	2,106	**-**	-
Revenue from contracts with customers	**219,980**	229,318	**509**	1,698
Rental income	**1,604**	1,520	**655**	676
Total revenue	**221,584**	230,838	**1,164**	2,374

21 Revenue (Cont'd)

The Group derives its revenue from the transfer of goods and services over time and at a point in time in the following major product or service lines. A disaggregation of the Group's revenue for the financial reporting year is as follows:

	<---------- Primary geographical markets ---------->					
	Continuing operations Malaysia		Discontinued operations Vietnam		Total	
	Year ended 31 December 2023	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022	**Year ended 31 December 2023**	Year ended 31 December 2022
The Group	**SGD'000**	SGD'000	**SGD'000**	SGD'000	**SGD'000**	SGD'000
Revenue						
Sale of goods – direct sales	**104,113**	101,091	**-**	-	**104,113**	101,091
Commissions from concessionaire sales	**113,184**	125,672	**509**	1,698	**113,693**	127,370
Food and beverage	**2,237**	2,106	**-**	-	**2,237**	2,106
Others	**446**	449	**-**	-	**446**	449
Revenue from contracts with customers	**219,980**	229,318	**509**	1,698	**220,489**	231,016
Rental income	**1,604**	1,520	**655**	676	**2,259**	2,196
Total revenue	**221,584**	230,838	**1,164**	2,374	**222,748**	233,212
Timing of transfer of goods or services						
Total revenue from contracts with customers						
- at point in time	**219,980**	229,318	**509**	1,698	**220,489**	231,016

22(a) Finance income/costs

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Finance income		
Interest income on net investments in sublease (Note 20(i))	**40**	83
Interest income on short-term deposits	**2,749**	1,598
Discount adjustment on rental deposit receivables	**226**	348
Interest income on loan to a former subsidiary	**167**	-
	3,182	2,029
Finance costs		
Interest expense on lease liabilities	**12,151**	13,618
Interest expense on loans and borrowings	**127**	461
Discount adjustment on:		
- Rental deposit payables	**8**	9
- Provisions for restoration costs (Note 18)	**243**	157
	12,529	14,245

22(b) Other income

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Cash discount from suppliers	**652**	681
Promotion income	**69**	106
Income recognised from expired vouchers	**365**	842
Gain on disposal of property, plant and equipment	**5**	8
Dividend income from investment securities	**8**	-
Recoverable expense from sub-tenant	**7**	29
Portal usage/B2B income	**409**	431
Reversal of impairment loss of right-of-use assets	**-**	872
Commission income from third party	**1,301**	839
Other sundry income	**1,122**	2,037
	3,938	5,845

23 Employee benefits expense

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Wages, salaries and bonuses	**27,255**	27,045
Contribution to defined contribution plans	**3,333**	3,461
Other staff related expenses	**5,195**	4,925
	35,783	35,431

Included in employee benefits expense of the Group are remuneration of directors, chief executive officer and key management personnel as further disclosed in Note 28(c) to the financial statements.

24 Profit from continuing operations, before tax

The Group	Note	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Profit from continuing operations, before tax has been arrived at after charging/(crediting):			
Audit fees:			
- Auditors of the Company		**164**	162
- Other auditors		**107**	115
Non-audit fees:			
- Auditors of the Company		**5**	5
Total audit and non-audit fees		**276**	282
Depreciation and amortisation expense:			
- property, plant and equipment	4	**6,292**	9,262
- right-of-use assets	20(c)	**32,800**	36,584
		39,092	45,846
Operating lease expenses:			
- Short-term leases	20(c)	**5,680**	1,026
- Lease of low-value assets	20(c)	**77**	75
- Variable lease payments	20(c)	**1,721**	401
- Amortisation of deferred lease		**10**	124
Less: Rent concession	20(b)	**(323)**	(917)
		7,165	709

24 Profit from continuing operations, before tax (Cont'd)

The Group	Note	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Allowance/(reversal) for expected credit loss on trade and other receivables, net	8	**104**	(36)
Directors' fees	28(c)	**187**	187
Property, plant and equipment written off	4	**352**	138
Gain on disposal of property, plant and equipment	4	**(5)**	(8)
Reversal of impairment losses (included in other expenses):			
- property, plant and equipment	4	**-**	(393)
- rights-of-use assets	20(a)	**-**	(872)
Allowance for inventory shrinkage	12	**84**	178
Inventory written off	12	**-**	106
Utilities		**6,720**	6,299
Loss from discontinued operations, net of tax has been arrived at after charging/(crediting):			
Audit fees:			
- Other auditors		**15**	20
Depreciation and amortisation expense:			
- property, plant and equipment	4	**5**	-
- intangible assets	10	**-**	15
		5	15
Operating lease expenses:			
- Short-term leases	20(c)	**1,157**	1,205
Allowance/(reversal) for expected credit loss on trade and other receivables, net	26	**3,889**	(53)
Loss on termination of subleases	8(f), 26	**28,584**	-
Gain on termination of lease with landlord	20(b), 26	**(19,324)**	-
Impairment losses of (included in other expenses):			
- property, plant and equipment	4	**-**	178
Utilities		**1,481**	992

25 Taxation

(a) *Major components of income tax expense*

The major components of income tax expense are as follows:

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Current income tax		
- Current year	**11,962**	15,523
- Under provision in respect of previous years	**55**	11
	12,017	15,534
Deferred income tax (Note 7)		
- Origination and reversal of temporary differences	**(751)**	(978)
- (Over)/under provision in respect of previous years	**(18)**	441
	(769)	(537)
Income tax expense recognised in profit or loss	**11,248**	14,997

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

Reconciliation between income tax expense and the product of profit before tax multiplied by the applicable corporate tax rates for the financial years ended 31 December 2023 and 31 December 2022 is as follows:

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Profit/(loss) before taxation		
- Continuing operations	**40,817**	46,066
- Discontinued operations (Note 26)	**(4,379)**	(2,323)
	36,438	43,743
Tax at the domestic tax rates applicable to the countries where the Group operates	**9,412**	11,006
Tax effect on non-deductible expenses(1)	**2,710**	3,783
Income not subject to taxation(2)	**(796)**	(833)
Deferred tax assets not recognised*	**183**	856
Utilisation of previously unrecognised tax losses	**(298)**	(267)
Under/(over) provision in respect of previous years:		
- current taxation	**55**	11
- deferred taxation	**(18)**	441
Income tax expense recognised in profit or loss	**11,248**	14,997

* Deferred tax asset not recognised arises mainly from the loss-making subsidiaries of the Group.

25 Taxation (Cont'd)

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

(1) Expenses not deductible for tax purposes relate mainly to depreciation and amortisation of non-qualifying assets and other disallowed expenses incurred in the ordinary course of business.

(2) Income not subject to tax relate mainly to non-taxable income occurred in the ordinary course of business.

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

The Group	**Year ended 31 December 2023 %**	Year ended 31 December 2022 %
Malaysia	**24**	24
Vietnam	**20**	20
Singapore	**17**	17

26 Discontinued operations

In the financial year ended 31 December 2023, Parkson Vietnam Co Ltd ("Parkson Vietnam") and its directly-owned subsidiary, Parkson Vietnam Management Services Co Ltd were classified as discontinued operations on the premise that the operating results of Parkson Vietnam are regularly reported and reviewed by the chief of decision making where Vietnam is a separate geographical area of operations. Following the filing of the Application (Note 5(c)), Parkson Vietnam had ceased operations in August 2023.

26 Discontinued operations (Cont'd)

(a) The results of the discontinued operations are as follows:

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Revenue	**1,164**	2,374
Other items of income		
Finance income:	**1,317**	2,582
- Net investment in subleases (Note 20(i))	**1,317**	2,476
- Interest income	**-**	106
Other income	**253**	144
Items of expense		
Changes in merchandise inventories and consumables	**(8)**	(161)
Employee benefits expense	**(493)**	(1,072)
Depreciation and amortisation expenses	**(5)**	(15)
Promotional and advertising expenses	**(26)**	(92)
Operating lease expenses	**(1,157)**	(1,205)
Finance costs	**(1,521)**	(2,237)
Allowance/(reversal) for expected credit loss on trade and other receivables, net	**(3,889)**	53
Loss on termination of subleases (Note 8(f))	**(28,584)**	-
Gain on termination of lease with landlord (Note 20(b))	**19,324**	-
Other expenses	**(1,082)**	(2,694)
Loss before taxation from operating activities, before tax	**(14,707)**	(2,323)
Income tax	**-**	-
Loss from operating activities, net of tax	**(14,707)**	(2,323)
Gain on deconsolidation of subsidiaries (Note 5(c))	**10,328**	-
Loss from discontinued operations, net of tax	**(4,379)**	(2,323)

Included in the Group's discontinued operations are Parkson Haiphong Co Ltd ("PHP"), Parkson Vietnam Co Ltd ("Parkson Vietnam") and Parkson Vietnam Management Services Co Ltd ("PMS").

(b) Earnings/(loss) per share from discontinued operations is disclosed in Note 27 to the financial statements.

26 Discontinued operations (Cont'd)

(c) The impact of the discontinued operations on the cash flows of the Group are as follows:

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Cash (outflow)/inflow from:		
- Operating activities	**(3,241)**	(5,083)
- Investing activities	**6,102**	5,922
- Financing activities	**(3,241)**	(3,919)
Net decrease in cash and short-term deposits	**(380)**	(3,080)

27 Earnings/(loss) per share

Basic earnings/(loss) per share from continuing/discontinued operations are calculated by dividing the net profit/(loss) from continuing/discontinued operations, net of tax, attributable to ordinary equity owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

The following table reflects the data used in the computation of basic earnings/(loss) per share from continuing/discontinued operations for the financial years ended 31 December 2023 and 31 December 2022:

The Group	**2023**	2022
Profit for the year attributable to owners of the Company (SGD'000)	**25,197**	28,755
Loss from discontinued operations, net of tax, attributable to owners of the Company (SGD'000)	**(4,379)**	(2,323)
Profit from continuing operations, net of tax, attributable to owners of the Company used in the computation of basic earnings per share from continuing operations (SGD'000)	**29,576**	31,078
Weighted average number of ordinary shares for basic earnings per share computation ('000)	**673,800**	673,800
Basic earnings/(loss) per share (cents) attributable to equity owners of the Company		
- From continuing operations	**4.39**	4.61
- From discontinued operations	**(0.65)**	(0.34)
- From continuing and discontinued operations	**3.74**	4.27

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 31 December 2023 and 31 December 2022 are the same.

28 Significant related party transactions

(a) Sales and purchase of goods and services

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

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Sale of vouchers to related company:		
- Posim Petroleum Marketing Sdn Bhd	**71**	100
Sale of goods and services to subsidiary of the ultimate holding company:		
- Parkson Branding Sdn Bhd	**299**	18
Purchase of goods and services from related companies:		
- Secom (Malaysia) Sdn Bhd	**191**	230
- Posim Marketing Sdn Bhd	**111**	37
- Brands Pro Management Sdn Bhd	**114**	103
	416	370
Purchase of goods and services from subsidiary of the ultimate holding company:		
- Parkson Branding Sdn Bhd	**3,316**	3,218
Income from related company for bonus points redemption by cardholders:		
- Bonuskad Loyalty Sdn Bhd	**2,162**	2,205
Marketing fee expense to related company for bonus points issued:		
- Bonuskad Loyalty Sdn Bhd	**1,662**	1,893
Rental of office space expense to related company:		
- Visionwell Sdn Bhd	**206**	270
Royalty expense to subsidiary of the ultimate holding company:		
- Parkson Services Pte Ltd	**110**	121
Management fee income from subsidiary of the ultimate holding company:		
- Festival City Sdn Bhd	**446**	449
Sale of property, plant and equipment to subsidiary of the ultimate holding company:		
- Parkson Branding Sdn Bhd	**-**	163

28 Significant related party transactions (Cont'd)

(b) Loan from ultimate holding company

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Interest expense charged by the ultimate holding company:		
- Parkson Holdings Berhad	**13**	253
Repayment of advances to ultimate holding company:		
- Parkson Holdings Berhad	**2,059**	6,288

(c) Compensation of key management personnel

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Directors' fees	**187**	187
Short-term employee benefits	**494**	510
Contribution to defined contribution plans	**43**	41
	724	738
Comprise:		
Directors of the Company	**187**	187
Other key management personnel	**537**	551
	724	738

No employee share options were granted to key management personnel.

29 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:

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Capital commitments in respect of property, plant and equipment	**787**	125

29 Commitments (Cont'd)

(b) Operating lease commitments – as intermediate lessor

The Group has entered into commercial subleases on its department stores classified as operating leases. These non-cancellable subleases have remaining lease terms of not more than 3 years (2022 - not more than 3 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:

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Not later than one year	**473**	611
Later than one year and not later than five years	**389**	387
Later than five years	**-**	-
	862	998

30 Contingent liabilities

The Group

As at 31 December 2023, the Group has provided financial guarantees to financial institutions for credit facilities totalling SGD3,159,000 (2022 - SGD3,496,000) granted to subsidiaries for which the Group is exposed to liabilities which are capped at SGD2,033,000 (2022 - SGD1,277,000). As at the reporting date, the banking facilities utilised stood at SGD2,033,000 (2022 - SGD1,277,000). In the opinion of the directors of the Group, the extent of the financial guarantee contracts to be triggered is remote.

The Company

As at 31 December 2023, the Company has provided a financial guarantee to a financial institution for credit facilities totalling SGD574,000 (2022 - SGD608,000) granted to subsidiaries for which the Company is exposed to liabilities which are capped at SGD137,000 (2022 - SGD265,000). There are no corporate guarantees provided by the Company as at 31 December 2023 and 31 December 2022.

As at the reporting date, the fair value of the financial guarantee determined based on the expected loss arising from the risk of default is negligible as the likelihood of the financial guarantee contract to be materialised is unlikely.

31 Segment information

The Group has two operating segments - the operation and management of (i) retail stores and (ii) food and beverage. For management purposes, the Group is organised into business units based on the geographical location of customers and assets, and has three (2022 - four) reportable segments as follows:

(a) Malaysia
(b) Vietnam
(c) Others - Myanmar and Cambodia

31 Segment information (Cont'd)

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.

2023		<---Continuing operations					--->	Discontinued operations		
		Retail stores			Food and beverage operations	Adjustments and		Retail stores	Adjustments and	
		Malaysia	Vietnam	Others	Malaysia	eliminations	Total	PHP, PVN and PMS*	eliminations	Total
The Group	Note	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Revenue:										
Sales to external customers		**219,347**	-	-	**2,237**	-	**221,584**	**1,164**	-	**1,164**
Segment results:										
Depreciation and amortisation expenses:										
- Property, plant and equipment		**(6,291)**	-	-	**(1)**	-	**(6,292)**	**(5)**	-	**(5)**
- Right-of-use assets		**(32,621)**	-	-	**(179)**	-	**(32,800)**	-	-	-
Impairment loss on trade and other receivables		**(104)**	-	-	-	-	**(104)**	**(3,889)**	-	**(3,889)**
Operating lease expenses		**(7,139)**	-	-	**(26)**	-	**(7,165)**	**(1,157)**	-	**(1,157)**
Lease derecognition		**1,345**	-	-	-	-	**1,345**	-	-	-
Loss on termination of subleases		-	-	-	-	-	-	**(28,584)**	-	**(28,584)**
Gain on termination of leases with landlord		-	-	-	-	-	-	**19,324**	-	**19,324**
Finance income		**3,014**	-	-	-	**168**	**3,182**	**1,317**	-	**1,317**
Finance costs		**(12,411)**	-	-	**(47)**	**(71)**	**(12,529)**	**(1,521)**	-	**(1,521)**
Income tax		**(11,248)**	-	-	-	-	**(11,248)**	-	-	-
Segment profit/(loss)	(a)	**34,272**	**(118)**	**(26)**	**(592)**	**(3,967)**	**29,569**	**(14,707)**	**10,328**	**(4,379)**
Other segment information										
Additions to non-current assets		**10,578**	-	-	**25**	-	**10,603**	**23**	-	**23**
Segment assets		**284,282**	**11**	**1,884**	**886**	**1,200**	**288,263**	**472**	-	**472**
Segment liabilities		**271,970**	**123**	**2,556**	**6,699**	**724**	**282,072**	**330**	-	**330**

*Represents Parkson Haiphong Co Ltd ("PHP"), Parkson Vietnam Co Ltd ("PVN") and Parkson Vietnam Management Services Co Ltd ("PMS").

31 Segment information (Cont'd)

2022 The Group	Note	<---Continuing operations Retail stores Malaysia SGD'000	Retail stores Vietnam SGD'000	Others SGD'000	Food and beverage operations Malaysia SGD'000	Adjustments and eliminations SGD'000	Total SGD'000--->	Discontinued operations Retail stores PHP, PVN and PMS* SGD'000	Adjustments and eliminations SGD'000	Total SGD'000
Revenue:										
Sales to external customers		228,732	-	-	2,106	-	230,838	2,374	-	2,374
Segment results:										
Depreciation and amortisation expenses:										
- Property, plant and equipment		(9,068)	-	-	(194)	-	(9,262)	-	-	-
- Right-of-use assets		(36,415)	-	-	(169)	-	(36,584)	-	-	-
- Intangible assets		-	-	-	-	-	-	(15)	-	(15)
Impairment reversal/(loss) on:										
- Property, plant and equipment		393	-	-	-	-	393	(178)	-	(178)
- Right-of-use assets		872	-	-	-	-	872	-	-	-
- Trade and other receivables		36	-	-	-	-	36	53	-	53
Operating lease expenses		(690)	-	-	(19)	-	(709)	(1,205)	-	(1,205)
Lease derecognition		224	-	-	-	-	224	-	-	-
Finance income		2,029	-	-	-	-	2,029	2,582	-	2,582
Finance costs		(13,869)	-	-	(25)	(351)	(14,245)	(2,237)	-	(2,237)
Income tax		(14,997)	-	-	-	-	(14,997)	-	-	-
Segment profit/(loss)	(a)	37,276	(15)	(113)	(741)	(5,338)	31,069	(2,323)	-	(2,323)
Other segment information										
Additions to non-current assets		16,128	-	-	8	-	16,136	171	-	171
Segment assets		309,811	33	1,758	314	113	312,029	35,234	-	35,234
Segment liabilities		311,271	130	2,600	7,676	9,384	331,061	36,930	-	36,930

*Represents Parkson Haiphong Co Ltd ("PHP"), Parkson Vietnam Co Ltd ("PVN") and Parkson Vietnam Management Services Co Ltd ("PMS").

31 Segment information (Cont'd)

(a) Adjustment and eliminations

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

The Group	**Year ended 31 December 2023 SGD'000**	Year ended 31 December 2022 SGD'000
Continuing operations:		
Corporate expenses	**(3,917)**	(5,216)
Net loss from company previously in theme park and education centre operations	**(50)**	(122)
	(3,967)	(5,338)
Discontinued operations:		
Gain on deconsolidation of subsidiaries	**10,328**	-

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

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Malaysia	**147,937**	170,851
Vietnam	**-**	11
	147,937	170,862

Non-current assets information presented above consist of property, plant and equipment, right-of-use assets and intangible assets as presented in the statements of financial position.

31 Segment information (Cont'd)

(b) Reconciliation of reportable segment assets and liabilities

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Assets		
Total reportable segment assets	**288,735**	347,263
Deferred tax assets	**5,523**	5,052
Sales tax receivables	**804**	2,305
Tax recoverable	**46**	50
Consolidated total assets	**295,108**	354,670
Liabilities		
Total reportable segment liabilities	**282,402**	367,991
Sales tax payables	**93**	94
Tax payables	**1,968**	3,586
Consolidated total liabilities	**284,463**	371,671

32 Financial risk management

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, foreign currency risk and interest rate 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 financial year 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.

32.1 Liquidity risk

Liquidity is the risk that the Group and the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and financial 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.

32 Financial risk management (Cont'd)

32.1 Liquidity risk (Cont'd)

Unutilised credit facilities are disclosed in Note 19 to the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below analyses the maturity profile of the Group's and the Company's financial assets and financial liabilities at the end of the reporting period based on contractual undiscounted cash flows:

The Group	Less than 1 year SGD'000	Between 1 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At 31 December 2023				
Financial assets				
Trade and other receivables (excluding net investments in sublease)	**8,945**	**3,668**	**-**	**12,613**
Net investments in sublease	**220**	**436**	**245**	**901**
Investment securities	**-**	**-**	**246**	**246**
Cash and short-term deposits	**102,075**	**-**	**-**	**102,075**
Total undiscounted financial assets	**111,240**	**4,104**	**491**	**115,835**
Financial liabilities				
Trade and other payables	**94,963**	**155**	**-**	**95,118**
Other liabilities	**11,265**	**-**	**-**	**11,265**
Provisions	**1,224**	**3,424**	**3,277**	**7,925**
Lease liabilities	**42,426**	**106,042**	**41,293**	**189,761**
Loans and borrowings	**1,895**	**-**	**-**	**1,895**
Total undiscounted financial liabilities	**151,773**	**109,621**	**44,570**	**305,964**
Total net undiscounted financial liabilities	**(40,533)**	**(105,517)**	**(44,079)**	**(190,129)**
Financial guarantees for subsidiaries	**2,033**	**-**	**-**	**2,033**

32 Financial risk management (Cont'd)

32.1 Liquidity risk (Cont'd)

The Group	Less than 1 year SGD'000	Between 1 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At 31 December 2022				
Financial assets				
Trade and other receivables (excluding net investments in sublease)	9,853	3,395	2,130	15,378
Net investments in sublease	6,197	23,796	12,910	42,903
Investment securities	-	-	261	261
Cash and short-term deposits	106,574	-	-	106,574
Total undiscounted financial assets	122,624	27,191	15,301	165,116
Financial liabilities				
Trade and other payables	124,646	1,493	-	126,139
Other liabilities	14,418	-	-	14,418
Provisions	1,502	3,378	3,288	8,168
Lease liabilities	45,399	120,888	100,576	266,863
Loans and borrowings	5,149	2,482	-	7,631
Total undiscounted financial liabilities	191,114	128,241	103,864	423,219
Total net undiscounted financial liabilities	(68,490)	(101,050)	(88,563)	(258,103)
Financial guarantees for subsidiaries	1,277	-	-	1,277

32 Financial risk management (Cont'd)

32.1 Liquidity risk (Cont'd)

The Company	Less than 1 year SGD'000	Between 1 and 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
At 31 December 2023				
Financial assets				
Cash and short-term deposits	**1,200**	**-**	**-**	**1,200**
Total undiscounted financial assets	**1,200**	**-**	**-**	**1,200**
Financial liabilities				
Trade and other payables	**23,065**	**-**	**-**	**23,065**
Other liabilities	**743**	**-**	**-**	**743**
Total undiscounted financial liabilities	**23,808**	**-**	**-**	**23,808**
Total net undiscounted financial liabilities	**(22,608)**	**-**	**-**	**(22,608)**
Financial guarantee for subsidiaries	137	-	-	137
At 31 December 2022				
Financial assets				
Cash and short-term deposits	113	-	-	113
Total undiscounted financial assets	113	-	-	113
Financial liabilities				
Trade and other payables	18,852	-	-	18,852
Other liabilities	1,100	-	-	1,100
Loans and borrowings	2,094	-	-	2,094
Total undiscounted financial liabilities	22,046	-	-	22,046
Total net undiscounted financial liabilities	(21,933)	-	-	(21,933)
Financial guarantee for subsidiaries	265	-	-	265

The amount included above for financial guarantee contract is the maximum amount the Group can be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the reporting date, the management considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee.

32 Financial risk management (Cont'd)

32.2 Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group and the Company. The Group's and the Company's exposure to credit risk which will cause a financial loss to the Group and the Company due to failure to discharge an obligation by the counterparties and financial guarantee provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the statements of financial position; and

- the maximum amount the Group would have to pay if the financial guarantee is called upon, irrespective of the likelihood of the guarantee being exercised.

Information regarding the expected credit loss allowance is disclosed in Note 8 to the financial statements.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group minimises credit risk by dealing with exclusively with high credit rating counterparties. In addition, receivable balances are monitored on an ongoing basis.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The Group has determined the default event on a financial asset to be when the counterparty fails to make contractual payments when they fall due and there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at reporting date with the risk of default as at the date of initial recognition.

The Group determined that its financial assets are credit-impaired when:

- there is significant difficulty of the issuer or the debtor;

- there is a breach of contract, such as a default or past due event occurs; and

- it is becoming probable that the debtor will enter bankruptcy or other financial reorganisation.

Where loans and receivables have been written off, the Group continues to engage enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Group's and the Company's exposure to credit risk arise primarily from trade and other receivables, and cash and short-term deposits placed with financial institutions. Cash and short-term deposits are held with reputable financial institutions. For trade receivables, the Group adopts the policy of dealing only with recognised and creditworthy third parties. For other financial assets, the Group and the Company adopt the policy of dealing only with high credit quality counterparties. The Group has provided specific impairment of SGD109,000 (2022 - SGD94,000) and to the extent of general provision on expected credit losses (lifetime), it is regarded as insignificant.

32 Financial risk management (Cont'd)

32.2 Credit risk (Cont'd)

Excessive risk concentration and exposure to credit risk

The Group does not have any significant credit exposure to any single counterparty or any group of counterparties of similar characteristics.

As the Group and the Company do not hold collateral, the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the statements of financial position, except as disclosed in Note 30 to the financial statements.

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in Malaysia (2022 - Malaysia and Vietnam) during the financial year ended 31 December 2023. Parkson Vietnam has ceased operations in August 2023.

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 guarantee

The Group has issued financial guarantees to a bank for borrowings of a subsidiary in Malaysia. The guarantee is subject to the impairment requirements of SFRS(I) 9. The Group has assessed that the subsidiary has the financial capacity to meet the contractual cash flow obligations in the near future and hence, does not expect significant credit losses arising from this guarantee.

The maximum exposure of the Group in respect of its intra-group financial guarantee (Note 30) at the reporting date as if the facilities are drawn down up to the amount of SGD3,159,000 (2022 - SGD3,496,000).

32.3 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risk arises when transactions are denominated in foreign currencies.

The Group's operations are primarily conducted in Malaysia in Malaysian Ringgit.

The Group's entities hold cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD").

32 Financial risk management (Cont'd)

32.3 Currency risk (Cont'd)

The Company's and the Group's currency exposures to the USD at the reporting date were as follows:

	The Group		The Company	
	31 December 2023 SGD'000	31 December 2022 SGD'000	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Financial assets				
Trade receivables	**-**	1,616	**-**	-
Cash and cash equivalents	**690**	695	**-**	-
Currency exposures	**690**	2,311	**-**	-

<u>Sensitivity analysis for foreign currency risk</u>

A reasonably possible change in the USD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant would not result in a significant change to the Group's profit net of tax and equity.

32.4 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from loans and borrowings and cash and deposits placed with financial institutions.

The interest rates of cash and short-term deposits placed with financial institutions, interest-bearing loans and borrowings are disclosed in Notes 13 and 19 to the financial statements respectively.

The following table sets out the carrying amount, by maturity, of the Group's financial instruments that are exposed to interest rate risk:

The Group	**Within 1 year SGD'000**	**2 - 5 years SGD'000**	**Over 5 years SGD'000**	**Total SGD'000**
<u>31 December 2023</u>				
Floating rate				
Short-term deposits	**93,427**	**-**	**-**	**93,427**
Bank borrowings:		**-**	**-**	
- Bank overdraft	**(210)**	**-**	**-**	**(210)**
- Bankers' acceptance	**(1,685)**	**-**	**-**	**(1,685)**
	91,532	**-**	**-**	**91,532**

32 Financial risk management (Cont'd)

32.4 Interest rate risk (Cont'd)

The Group	Within 1 year SGD'000	2 - 5 years SGD'000	Over 5 years SGD'000	Total SGD'000
31 December 2022				
Floating rate				
Short-term deposits	99,287	-	-	99,287
Bank borrowings:				
- Bank overdraft	(440)	-	-	(440)
- Bankers' acceptance	(1,817)	-	-	(1,817)
	97,030	-	-	97,030

Interest on financial instruments subject to floating interest rates is contractually repriced at intervals of less than 6 months. The other financial instruments of the Group that are not included in the above table are not subject to interest rate risks.

The Company's financial instruments are not subject to interest rate risks.

Sensitivity analysis for interest rate risk

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of reporting period and on the assumption that the change took place at the beginning of the financial period and is held constant throughout the reporting period. The magnitude represents management's assessment of the likely movement in interest rates under normal economic conditions.

	< --------------------- Increase/(Decrease)		--------------------- >	
	Year ended 31 December 2023		Year ended 31 December 2022	
The Group	**Profit after taxation SGD'000**	**Equity SGD'000**	Profit after taxation SGD'000	Equity SGD'000
Interest rate				
- decreased by 1% per annum	**(696)**	**(696)**	(737)	(737)
- increased by 1% per annum	**696**	**696**	737	737

32 Financial risk management (Cont'd)

32.5 Market price risk

Price risk is the risk that the value of a financial instrument will fluctuate due to changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market.

The Company and the Group do not hold any quoted or marketable financial instrument, hence is not exposed to any movement in market prices.

33 Fair value measurement

(i) Definition of fair value

SFRS(I)s define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(ii) Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- 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 or indirectly.
- Level 3 : unobservable inputs for the asset or liability.

The Group	Note	Level 1 SGD'000	Level 2 SGD'000	Level 3 SGD'000	Total SGD'000
At 31 December 2023					
Assets					
Financial assets - FVOCI	11	**-**	**-**	**246**	**246**
At 31 December 2022					
Assets					
Financial assets - FVOCI	11	-	-	261	261

The fair value of financial instruments that are not traded in an active market is determined by using valuation technique. The Group uses income approach to determine fair value for the financial instruments. In infrequent circumstances, where a valuation technique for these instruments is based on significant unobservable inputs, such instruments are classified as Level 3.

33 Fair value measurement (Cont'd)

(ii) Fair value measurement of financial instruments (Cont'd)

There were no transfers into or out of fair value hierarchy levels for financial years ended 31 December 2023 and 31 December 2022.

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

Fair value measurements at FVOCI

Description	**Valuation techniques**	**Unobservable inputs**	**31 December 2023**	**31 December 2022**
Unquoted equity securities	Dividend discount approach	Cost of equity	8.19%	8.11%
		Dividend yield	20% - 30%	20% - 30%

Changing one or more of the inputs to reasonably possible assumptions would not significantly change the fair value of the financial asset.

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

The Group	**31 December 2023 SGD'000**	31 December 2022 SGD'000
Financial assets at FVOCI		
Unquoted equity securities		
Balance at beginning of year	**261**	278
Exchange differences	**(15)**	(17)
Balance at end of year	**246**	261

(iii) 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 8), cash and short-term deposits (Note 13), current trade and other payables (Note 16), other liabilities (Note 17(a)) and loans and borrowings (Note 19) are a reasonable approximation of fair values due to their short term nature.

The carrying amounts of non-current rental deposits receivables (Note 8) and non-current rental deposits payables (Note 16) 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2023

34 Capital management

The Group's and the Company's objectives when managing capital are:

(a) to safeguard the Group's and the Company's ability to continue as a going concern;

(b) to support the Group's and the Company's stability and growth;

(c) to maintain a strong credit rating and healthy capital ratios to support its business; and

(d) to provide an adequate return to shareholders.

The Group actively and regularly reviews and manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. To maintain or adjust capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares. The Group currently does not adopt any formal dividend policy.

The Group is not subject to any externally imposed capital requirements.

No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 31 December 2022.

In so far as to the Group's legal exposures as disclosed in Note 35 to the financial statements, the management has considered and is of the view that the impact will be limited and contained to the Group's capital contribution in the entity in each of the jurisdictions.

35 Status of litigations

<u>Parkson (Cambodia) Co Ltd ("PCCO")</u>

On 15 November 2018, the Group's wholly-owned subsidiary, PCCO commenced arbitration proceedings under Singapore International Arbitration Centre ("SIAC Arbitration") relating to the lease of a planned store in Cambodia (Note 8(d) - Rental deposits). The SIAC Arbitration hearing was completed on 26 May 2020. On 14 September 2020, the SIAC Arbitration issued a final award ("SIAC Award") wherein the SIAC Arbitration found, *inter alia*, that the lease agreement was lawfully terminated by PCCO, and ordered the lessor to pay to PCCO approximately SGD10.7 million which includes:

(a) return of security deposit of USD2,463,750 (SGD3.4 million);

(b) return of advance rental of USD2,025,000 (SGD2.8 million);

(c) costs and expenses incurred by PCCO of USD2,692,253 (SGD3.7 million) wasted as a result of the Lessor's breach of the Lease Agreement; and

(d) costs and expenses of the SIAC Arbitration, legal fees and costs incurred in connection with the arbitration proceedings of approximately SGD0.8 million.

35 Status of litigations (Cont'd)

Parkson (Cambodia) Co Ltd ("PCCO") (Cont'd)

Despite the disputes between PCCO and the lessor were heard before the SIAC Arbitration, on 12 December 2018, the lessor filed a petition ("Case No. 2577") in the Phnom Penh Municipal Court of First Instance ("PPMCFI"). On 27 March 2020, PPMCFI granted a default judgement against PCCO in Case No. 2577 ("Default Judgement"), *inter alia*, as follows:

(a) the lessor shall forfeit the security deposit and all advance rental made by PCCO to the lessor amounting to USD4,488,750 (SGD6.2 million); and

(b) PCCO shall pay damages of USD144,504,960 (SGD200.0 million) to the lessor, being the rental fee for the whole period of the lease.

On 4 May 2020, PCCO filed a petition to PPMCFI to set aside the Default Judgement. PPMCFI has agreed to accept PCCO's petition and to hold pre-trial proceedings and hearing for Case No. 2577. After the pre-trial proceedings and subsequent hearing for Case No. 2577, the PPMCFI will decide whether to (a) uphold the Default Judgement or (b) dismiss the Default Judgement (either partly or wholly). Additionally, on 21 May 2020, PCCO filed a motion to challenge and disqualify PPMCFI's judge ("Motion to Challenge and Disqualify Judge"). The Motion to Challenge and Disqualify Judge was dismissed on 9 June 2020 and on 26 June 2020, PCCO filed an appeal against the decision of the PPMCFI. On 11 November 2020, PCCO's appeal against the Motion to Challenge and Disqualify Judge was dismissed by Cambodian Appellate Court.

The hearing date for Case No. 2577 has yet to be fixed by PPMCFI.

On 27 November 2020, PCCO applied for the recognition and enforcement of the SIAC Award to the Cambodian Appellate Court ("PCCO Application on SIAC Award"). The hearing for the PCCO Application on SIAC Award was heard on 10 November 2021 and the decision on the PCCO Application on SIAC Award will be on a date to be fixed by the Cambodian Appellate Court.

The Default Judgment is only applicable against PCCO and does not extend to the Company, the Company's other subsidiaries nor its holding companies. The default judgement, if not set aside, will need to be recorded by the Group although the management is of the view that execution of which will be limited to the Group's capital contribution in PCCO which has previously been fully provided for. The Group had also previously recognised full impairment loss on the security deposit, advance rental as well as property, plant and equipment in respect of the relevant store in Cambodia.

Parkson Corporation Sdn Bhd ("PCSB")

PKNS Andaman Development Sdn Bhd

On 23 December 2019, PCSB was served with a Writ and Statement of Claim, both dated 13 December 2019 ("Suit"). The Suit was initiated by PKNS-Andaman Development Sdn Bhd ("PKNS") in relation to premises let to PCSB within a mall known as the "*EVO Shopping Mall*" (the "Demised Premises"). PKNS alleged that PCSB has failed to observe its obligation to pay rent for the Demised Premises pursuant to the Tenancy Agreement dated 2 October 2017 ("Tenancy Agreement") and is claiming for, amongst others, the following reliefs:

(a) RM3,659,172 (SGD1.2 million), being the accrued monthly rent from 2 April 2018 to 2 December 2019, and thereafter at the monthly rate of RM182,958 (SGD60,184) until the return of the Demised Premises to PKNS;

35 Status of litigations (Cont'd)

Parkson Corporation Sdn Bhd ("PCSB") (Cont'd)

PKNS Andaman Development Sdn Bhd (Cont'd)

(b) As an alternative to (a) above, RM3,842,131 (SGD1.3 million) being accrued monthly rent from 27 February 2018 to 27 November 2019, and thereafter at the monthly rate of RM182,958 (SGD60,184) until the return of the Demised Premises to PKNS;

(c) RM1,859,600 (SGD0.6 million), being the renovation cost contributed by PKNS towards the Demised Premises;

(d) Interest upon the judgement debt at the rate of 5% per annum from the date of the Writ and Statement of Claim until the date of judgement;

(e) Interest upon the judgement debt at the rate of 5% per annum from the date of judgment until date of full settlement;

(f) PCSB to duly return the vacant possession of the Demised Premises to PKNS in the original condition and/or PCSB to return vacant possession of the Demised Premises to PKNS within 14 days from the date of judgement; and

(g) Costs of proceedings to be paid by PCSB to PKNS.

(collectively referred to as "Reliefs")

On 22 May 2020, PCSB filed a court application to strike out the Suit on the grounds that the Suit (i) discloses no reasonable cause of action; (ii) is scandalous, frivolous and vexatious; and/or (iii) is an abuse of process of court.

On 29 January 2021, the High Court of Malaya ("High Court") allowed PCSB's application to strike out the Suit and had accordingly struck out the Suit with costs of RM7,000 (SGD2,300) to be paid to PCSB.

On 16 February 2021, PCSB received a notice of appeal from PKNS that PKNS had filed an appeal against the decision given by the High Court on 29 January 2021 allowing PCSB's striking out application ("Appeal").

On 21 March 2023, the Court of Appeal allowed the Appeal and directed for the matter to proceed with trial at the High Court.

On 8 June 2023, PKNS filed an application with the High Court to amend, amongst others, the Reliefs in its Statement of Claim ("Amendment Application") with the High Court as follows:

(a) payment by PCSB of RM10,965,712 (SGD3.2 million) to PKNS, being the accrued monthly rental from 2 April 2018 to June 2023, and thereafter at the rate of RM182,958 (SGD53,403) per month until full settlement of total outstanding rental;

(b) as an alternative to item (a) above, payment by PCSB of RM11,722,418 (SGD3.4 million) to PKNS, being the accrued monthly rental from 27 February 2018 to June 2023, and thereafter at the rate of RM182,958 (SGD53,403) per month until full settlement of total outstanding rental; and

(c) PCSB to pay total outstanding rental to PKNS within fourteen (14) days from the date of judgment.

35 Status of litigations (Cont'd)

Parkson Corporation Sdn Bhd ("PCSB") (Cont'd)

PKNS Andaman Development Sdn Bhd (Cont'd)

Items (c), (d), (e) and (g) of the Reliefs continue to remain unchanged in PKNS's claim.

On 18 August 2023, the High Court allowed the Amendment Application. PCSB had filed its amended Statement of Defence on 19 September 2023.

The trial dates of the matter have been fixed on 30 to 31 May 2024, 28 June 2024 and 1 July 2024.

PCSB took the position that:

(a) no rental is payable as PKNS has failed to satisfy the conditions precedent as set out in the Tenancy Agreement for rental commencement to be triggered and PKNS's act of issuing commencement notice pursuant to the Tenancy Agreement backdating the commencement date of rental without satisfying the conditions precedent is unlawful; and

(b) it has a good defence and has instructed its solicitors to vigorously defend against the Suit.

SHAREHOLDING STATISTICS

AS AT 14 MARCH 2024

NUMBER OF SHARES ISSUED (EXCLUDING TREASURY SHARES)	:	673,800,000
NUMBER / PERCENTAGE OF TREASURY SHARES	:	3,500,000 / 0.52%
NUMBER / PERCENTAGE OF SUBSIDIARY HOLDING HELD	:	NIL
CLASS OF SHARES	:	ORDINARY SHARES
VOTING RIGHTS	:	ONE (1) VOTE PER SHARE

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
1 - 99	2	0.24	13	0.00
100 - 1,000	74	8.92	45,687	0.01
1,001 - 10,000	201	24.22	1,187,367	0.17
10,001 - 1,000,000	526	63.37	63,450,434	9.42
1,000,001 and above	27	3.25	609,116,499	90.40
TOTAL	830	100.00	673,800,000	100.00

TWENTY LARGEST SHAREHOLDERS

NAME OF SHAREHOLDERS	NO. OF SHARES	% OF SHARES
UOB KAY HIAN PTE LTD	476,162,300	70.67
RAFFLES NOMINEES (PTE) LIMITED	26,031,200	3.86
HO BENG SIANG	23,459,500	3.48
HSBC (SINGAPORE) NOMINEES PTE LTD	17,483,000	2.59
DBS NOMINEES PTE LTD	17,457,300	2.59
ABN AMRO CLEARING BANK N.V.	8,319,700	1.23
TAN YONG NEE	4,251,600	0.63
PHILLIP SECURITIES PTE LTD	3,311,100	0.49
SIM MONG CHUAN MERVYN (SHEN MAOQUAN)	2,600,000	0.39
MAYBANK SECURITIES PTE. LTD.	2,563,566	0.38
LEONG MUN SUM @ LEONG HENG WAN	2,458,700	0.36
OCBC SECURITIES PRIVATE LTD	2,330,700	0.35
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	2,264,300	0.34
MOOMOO FINANCIAL SINGAPORE PTE. LTD.	1,945,600	0.29
HARDEEP SINGH	1,791,500	0.27
ONG CHAI HENG	1,700,000	0.25
MD YOUSUF	1,631,300	0.24
LIU HAIHUA	1,600,000	0.24
PENG MEI FERN	1,594,300	0.24
CITIBANK NOMINEES SINGAPORE PTE LTD	1,547,433	0.23
TOTAL	600,503,099	89.12

SHAREHOLDING STATISTICS

AS AT 14 MARCH 2024

Register of Substantial Shareholders

	Direct Interest No. of Shares	%	Deemed Interest No. of Shares	%
East Crest International Limited	457,933,300	67.963	-	-
Parkson Holdings Berhad[(1)]	-	-	457,933,300	67.963
Lion Industries Corporation Berhad[(2)]	-	-	457,933,300	67.963
Tan Sri Cheng Heng Jem[(3)]	500,000	0.074	457,933,300	67.963

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 4 of the Securities and Futures Act 2001 of Singapore (the "**SFA**").

(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 4 of the SFA.

(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 4 of the SFA.

Percentage of Shareholding in the Hands of Public

As at 14 March 2024, 31.96% 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 Crowne Plaza Changi Airport, Alstonia, Level 2, 75 Airport Boulevard, Singapore 819664, on Friday, 26 April 2024 at 10.30 a.m. for the purposes of transacting the following businesses:-

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and Auditor's Report.

   (Resolution 1)

2. To re-elect Cheng Hui Yuen Vivien who is retiring pursuant to Article 91 of the Constitution of the Company.

   (Resolution 2)

   [see explanatory note (i)]

3. To re-elect Sam Chong Keen who is retiring pursuant to Article 91 of the Constitution of the Company.

   (Resolution 3)

   [*see explanatory note (ii)]*

4. To approve the payment of Directors' fees of up to S$250,000 for the financial year ending 31 December 2024, payable quarterly in arrears (31 December 2023: S$250,000).

   (Resolution 4)

5. To re-appoint Messrs Foo Kon Tan LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration.

   (Resolution 5)

6. To transact any other ordinary business which may be properly transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. Authority to issue shares

   "That, pursuant to Section 161 of the Companies Act 1967 (the "**Companies Act**") and Rule 806(2) of the Listing Manual of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), authority be and is hereby given to the Directors of the Company to:-

   (a) (i) issue shares in the capital of the Company ("**Shares**") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "**Instruments**") that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

Provided that:

(1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro-rata basis to existing shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the Company's total number of issued Shares excluding treasury shares and subsidiary holdings (as calculated in accordance with sub-paragraph (2) below). Unless prior shareholder approval is required under the Listing Manual of the SGX-ST, an issue of treasury shares will not require further shareholder approval, and will not be included in the aforementioned limits.

(2) (subject to such manner of calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the total number of issued Shares excluding treasury shares and subsidiary holdings is based on the Company's total number of issued Shares excluding treasury shares and subsidiary holdings at the time this Resolution is passed, after adjusting for:

(i) new Shares arising from the conversion or exercise of any convertible securities;

(ii) new Shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Listing Manual of the SGX-ST; and

(iii) any subsequent bonus issue, consolidation or subdivision of Shares;

provided further that adjustments in accordance with sub-paragraphs (2)(i) and (ii) above are only to be made in respect of new Shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Constitution for the time being of the Company; and

(4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier."

(Resolution 6)

[see explanatory note (iii)]

8. Proposed Renewal of the General Mandate for Interested Person Transactions

"That:-

(a) approval be and is hereby given for the Company, its subsidiaries and associated companies which fall within the definition of "entities at risk" under Chapter 9 of the Listing Manual of the SGX-ST or any of them to enter into any transaction falling within the categories of interested person transactions set out in the Company's circular to Shareholders dated 11 April 2024 (the "**Circular**"), with any party who is of the class or classes of interested persons described in the Circular, provided that such transaction is made on normal commercial terms and is not prejudicial to the Company and its minority shareholders, and is entered into in accordance with the review procedures for interested person transactions as set out in the Circular (such shareholders' general mandate hereinafter called the "**IPT Mandate**");

(b) the IPT Mandate shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next Annual General Meeting of the Company or until the date on which the next Annual General Meeting of the Company is required by law to be held, whichever is the earlier;

(c) the audit committee of the Company be and is hereby authorised to take such action as it deems proper in respect of the procedures and/or to modify or implement such procedures as may be necessary to take into consideration any amendment to Chapter 9 of the Listing Manual of the SGX-ST which may be prescribed by the SGX-ST from time to time; and

(d) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the IPT Mandate."

(Resolution 7)

[see explanatory note (iv)]

9. 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 the Shares not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

    (i) on-market purchase(s) on the SGX-ST; and/or

    (ii) off-market purchase(s) if effected otherwise than on the SGX-ST in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Companies Act,

    and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) unless varied or revoked by the Company in a general meeting, the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

  (i) the date on which the next Annual General Meeting of the Company is held or is required by law to be held; or

  (ii) the date on which purchases or acquisitions of Shares pursuant to the Share Purchase Mandate are carried out to the full extent mandated; and

(c) the Directors and each of them be and are hereby authorised and empowered to complete and to do all such other acts and things as they may consider necessary, desirable or expedient in the interests of the Company in connection with or for the purposes of giving full effect to the Share Purchase Mandate.

For the purposes of this Ordinary Resolution 8:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) market days, on which transactions in the Shares on the SGX-ST were recorded, before the day on which a market purchase was made by the Company or, as the case may be, the date of the announcement of the offer pursuant to an off-market purchase, and deemed to be adjusted in accordance with the listing rules of the SGX-ST for any corporate action which occurs during the relevant period of five (5) market days and the day of the market purchase or, as the case may be, the date of the making of the offer pursuant to the off-market purchase;

"**Maximum Limit**" means that number of issued Shares representing ten per cent. (10%) of the total number of Shares excluding treasury shares and subsidiary holdings as at the last Annual General Meeting or as at the date of the passing of this Resolution (whichever is the higher); and

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:-

(a) in the case of an on-market purchase of a Share, one hundred and five per cent. (105%) of the Average Closing Price of the Shares; and

(b) in the case of an off-market purchase of a Share pursuant to an equal access scheme, one hundred and ten per cent. (110%) of the Average Closing Price of the Shares."

(Resolution 8)

[see explanatory note (v)]

On behalf of the Board

Tan Sri Cheng Heng Jem
Executive Chairman

11 April 2024

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) Ms Cheng Hui Yuen, Vivien will, upon her re-election as Director, remain as Executive Director.

(ii) Mr Sam Chong Keen ("**Mr Sam**") is considered independent for the purpose of Rule 704(8) of the Listing Manual of the SGX-ST. If re-elected, Mr Sam will remain as member of the Remuneration Committee and member of the Audit Committee.

(iii) Ordinary Resolution 6 proposed under Agenda 7 above, if passed, will authorise and empower the Directors of the Company from the date of this Annual General Meeting to the next Annual General Meeting to issue Shares and/or convertible securities in the Company up to an amount not exceeding in aggregate 50% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of which the total number of Shares and convertible securities issued other than on a pro-rata basis to existing shareholders shall not exceed 20% of the total number of issued Shares (excluding treasury shares and subsidiary holdings) of the Company at the time the resolution is passed, for such purposes as they consider would be in the interests of the Company. This authority will, unless revoked or varied at a general meeting, expire at the next Annual General Meeting.

(iv) Ordinary Resolution 7 proposed under Agenda 8 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.

(v) Ordinary Resolution 8 proposed under Agenda 9 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.

Notes:

1. The annual general meeting (the "**AGM**") will be held, in a wholly physical format, at the Crowne Plaza Changi Airport, Alstonia, Level 2, 75 Airport Boulevard, Singapore 819664, on Friday, 26 April 2024 at 10.30 a.m.. Shareholders (including investors who hold shares under the Supplementary Retirement Scheme ("**SRS**") ("**SRS investors**")), and (where applicable) duly appointed proxies and representatives will be able to ask questions and vote at the AGM by attending the AGM in person. **There will be no option for shareholders to participate virtually.**

2. A member who is not a Relevant Intermediary is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such member's form of proxy appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the form of proxy. "**Relevant Intermediary**" has the meaning ascribed to it in Section 181 of the Companies Act.

3. A member who is a Relevant Intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different Share or Shares held by such member. Where more than two (2) proxies are appointed, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

NOTICE OF ANNUAL GENERAL MEETING

4. A proxy need not be a member of the Company.

5. SRS investors may:

   (a) attend, speak and vote at the AGM in person if they are appointed as proxies by their SRS Operators, and should contact their SRS Operators if they have queries regarding their appointment as proxies; or

   (b) appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case, they should approach their SRS Operators to submit their voting instruction by **5.00 p.m. on 16 April 2024**, being seven (7) working days before the AGM, and the SRS investors shall be precluded from attending the AGM.

6. Investors holding shares through Relevant Intermediaries (other than SRS investors) who wish to attend, speak and vote at the AGM should approach their relevant intermediaries as soon as possible to specify their voting instructions or make necessary arrangement to be appointed as proxy.

7. The instrument appointing a proxy or proxies (the "**proxy form**") must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation. Where the proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which, the proxy form may be treated invalid.

8. The proxy form must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

   (b) if submitted electronically, be submitted via email to main@zicoholdings.com,

   in either case, no later than **24 April 2024 at 10.30 a.m.**, being not less than forty-eight (48) hours before the time appointed for holding the AGM.

   Completion and return of the proxy form by a member will not prevent him from attending, speaking and voting at the AGM if he so wishes. In such event, the relevant proxy form will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the proxy form to the AGM.

9. In the case of members of the Company whose Shares are entered against their names in the Depository Register, the Company may reject any proxy form lodged if such members are not shown to have Shares entered against their names in the Depository Register (as defined in Part 3AA of the Securities and Futures Act 2001 of Singapore), as at seventy-two (72) hours before the time appointed for holding the AGM as certified by The Central Depository (Pte) Limited to the Company.

10. The proxy form is not valid for use by Investors (including SRS investors) and shall be ineffective for all intents and purposes if used or purported to be used by them. Investors (including SRS investors) should instead contact their relevant intermediary as soon as possible to specify their voting instructions.

11. Members and SRS investors may submit questions related to the resolutions to be tabled for approval at the AGM in advance of the AGM by **5.00 p.m. on 18 April 2024** in the following manner:

    (a) by email to the Company at main@zicoholdings.com; or

    (b) by post to the registered office of the Company at 9 Raffles Place, #26-01 Republic Plaza, Singapore 048619, attention to Company Secretary.

    Members and SRS investors who submit questions via email or by post must provide their full name, identification number, contact number, email address, the number of shares held and the manner in which the shares are held (e.g., via CDP or SRS) for authentication.

    Investors (other than SRS investors) will not be able to submit questions relating to the business of the AGM via the above methods set out above. Instead, they should approach their relevant intermediaries as soon as possible in order for the relevant intermediaries to make the necessary arrangements for them to submit questions in advance of the AGM.

12. The Company will endeavour to address all substantial and relevant questions submitted prior to the AGM by publishing the responses to such questions on the Company's website and on SGX website by **19 April 2024**. Any subsequent clarifications sought, or follow-up questions, or substantial and relevant questions received after the cut-off date will be consolidated and addressed at the AGM. **Where substantially similar questions are received, the Company will consolidate such questions and consequently not all questions may be individually addressed.**

13. All documents (including the Annual Report, Circular, proxy form and this Notice of AGM) or information relating to the business of the AGM have been, or will be, published on SGXNET. **Printed copies of the documents will be despatched to members**.

14. The Company will, within one month after the date of the AGM, publish the minutes of the AGM on SGX website and the Company's website, and the minutes will include the responses to substantial and relevant questions which are addressed during the AGM, if any.

Personal data privacy:

By (a) submitting a proxy form appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof; or (b) submitting any questions prior to, or at, the AGM, 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 or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxy(ies) and/or representative(s) appointed for the AGM (including any adjournment thereof), addressing substantial and relevant questions from members received prior to, or at, the AGM, the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) 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 or service providers), 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 or service providers) 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.

DISCLOSURE OF INFORMATION ON DIRECTOR(S) SEEKING RE-ELECTION

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the following are the information relating to the directors seeking re-election at the forthcoming Annual General Meeting as recommended by the Nominating Committee ("**NC**") and the Board, as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST:

Name of Director	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
Date of Appointment	18 September 2015	30 October 2020
Date of last re-appointment (if applicable)	29 April 2022	29 April 2022
Age	35	70
Country of principal residence	Malaysia	Singapore
The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations, and the search and nomination process)	Ms Cheng is the daughter of Tan Sri Cheng Heng Jem, the Executive Chairman who is a substantial shareholder of the Company through his direct and deemed interest in Parkson Holdings Berhad, the ultimate holding company of the Company. Ms Cheng has been mentored and guided by Tan Sri Cheng since she joined the Lion Group in 2012 after her graduation from the university. She has accumulated vast experience in business development, branding and merchandising. The Board has considered the recommendation of the NC, and concluded that she has the relevant experience and skills to contribute positively to the diversity of the Board and the Company and recommended her re-election.	Mr Sam has a wealth of management experience having held senior/CEO positions in the Singapore Government Administrative Service and various public listed companies. The Board has considered the recommendation of the NC and has reviewed the performance of Mr Sam Chong Keen in FY2023, and concluded that he has the experience, expertise, knowledge and skills to contribute positively to the diversity of the Board and the Company and recommended his re-election.
Whether appointment is executive, and if so, the area of responsibility	Executive	Non-Executive
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Executive Director	Independent Director. Member of the Audit Committee and Remuneration Committee.
Professional qualifications	Bachelor of Engineering in Environmental Engineering from the University of Science and Technology Beijing, the People's Republic of China.	Bachelor of Arts (Engineering Science and Economics) (Honours) degree and a Master of Arts degree from the University of Oxford. Diploma from the Institute of Marketing, United Kingdom.

DISCLOSURE OF INFORMATION ON DIRECTOR(S) SEEKING RE-ELECTION

Name of Director	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
Working experience and occupation(s) during the past 10 years	1. 18 September 2015 – present; Executive Director of Parkson Retail Asia Limited. 2. 2012 (upon graduation from university) – Present: General Manager of the Lion Group in-charge of the Business Development of Parkson Branding Division.	Nil – Retired
Shareholding interest in the listed issuer and its subsidiaries	Nil	Nil
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Yes Ms Cheng is the daughter of Tan Sri Cheng Heng Jem, the Executive Chairman of the Company, and a substantial shareholder of the Company.	No
Conflict of Interest (including any competing business)	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments* Including Directorships# Past (for the last 5 years) * "Principal Commitments" has the same meaning as defined in the Code. # These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)	<u>Past</u> 1. Giftmate Sdn Bhd 2. Park Avenue Fashion Sdn Bhd 3. Parkson Unlimited Beauty Sdn Bhd 4. Parkson Fashion Sdn Bhd 5. Ohla Restaurant Sdn Bhd 6. Providence Club KL Sdn Bhd 7. Alunan Omega Sdn Bhd 8. AUM Asiatic Restaurants Sdn Bhd 9. AUM Hospitality Sdn Bhd 10. Business Spirit Sdn Bhd 11. Collective Entity Sdn Bhd 12. Entity A Concepts Sdn Bhd 13. Entity B Management Sdn Bhd 14. Entity C Sdn Bhd 15. F & B Essentials Sdn Bhd 16. Fantastic Red Sdn Bhd 17. Futurestead Sdn Bhd 18. Genuine Resources Sdn Bhd 19. J Rockets 1 Sdn Bhd	<u>Past</u> Nil <u>Present</u> 1. Lion Asiapac Limited 2. Stamford Tyres Corporation Limited 3. A-Smart Holdings Limited 4. SMI Vantage Limited

DISCLOSURE OF INFORMATION ON DIRECTOR(S) SEEKING RE-ELECTION

Name of Director	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
	20. Massive Privilege Sdn Bhd 21. Phoenix Saujana Sdn Bhd 22. Origin Heights Sdn Bhd 23. Super Gem Resources Sdn Bhd 24. The Opera Gastroclub Sdn Bhd 25. Vertigo Dot My Sdn Bhd 26. Urban Palette Sdn Bhd 27. Wealthstead Sdn Bhd 28. Valino International Apparel Sdn Bhd (Struck Off) Present 1. Effiace (M) Sdn Bhd 2. Gema Binari Sdn Bhd 3. Highpoint Properties Sdn Bhd 4. Kosmoxy Sdn Bhd 5. M3C Global Sdn Bhd 6. Ombrello Resources Sdn Bhd 7. Parkson Private Label Sdn Bhd 8. Parkson Branding Sdn Bhd 9. Parkson Corporation Sdn Bhd 10. Parkson Edutainment World Sdn Bhd 11. Parkson Lifestyle Sdn Bhd 12. Parkson Myanmar Co Pte Ltd 13. Parkson Myanmar Investment Company Pte Ltd 14. Parkson SGN Co Ltd 15. Parkson Trends Sdn Bhd 16. Parkson TSN Holdings Co Ltd 17. Parkson Vietnam Co Ltd 18. Parkson Vietnam Investment Holdings Co Ltd 19. Parkson Vietnam Management Services Co Ltd 20. Persada Sepadu Sdn Bhd 21. Prestasi Serimas Sdn Bhd 22. Solid Gatelink Sdn Bhd 23. Solid Green Properties Sdn Bhd 24. Telaga Cahaya Sdn Bhd 25. Vectro Capital Holdings Ltd 26. Zebvest Sdn Bhd	

DISCLOSURE OF INFORMATION ON DIRECTOR(S) SEEKING RE-ELECTION

Name of Director	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
Information required **Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.**		
a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No
c) Whether there is any unsatisfied judgment against him?	No	No

DISCLOSURE OF INFORMATION ON DIRECTOR(S) SEEKING RE-ELECTION

Name of Director	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No

DISCLOSURE OF INFORMATION ON DIRECTOR(S) SEEKING RE-ELECTION

Name of Director	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- i. any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or ii. any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No

DISCLOSURE OF INFORMATION ON DIRECTOR(S) SEEKING RE-ELECTION

Name of Director	MS CHENG HUI YUEN VIVIEN	MR SAM CHONG KEEN
iii. any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or iv. any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?		
k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

PARKSON RETAIL ASIA LIMITED
Co. Reg. No. 201107706H
(Incorporated in the Republic of Singapore)

PROXY FORM

(Please see notes overleaf before completing this Form)

IMPORTANT:

1. The annual general meeting ("**AGM**") will be held, in a wholly physical format. **There will be no option for shareholders to participate virtually.**
2. Relevant Intermediaries (as defined in Section 181 of the Companies Act 1967 (the "**Companies Act**") may appoint more than two (2) proxies to attend, speak and vote at the AGM.
3. For investors who have used their Supplementary Retirement Scheme monies to buy shares in the Company ("**SRS Investors**"), this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them.
4. SRS Investors may:
   (a) attend, speak and vote at the AGM in person if they are appointed as proxies by their SRS Operators, and should contact their SRS Operators if they have queries regarding their appointment as proxies; or
   (b) appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case they should approach their SRS Operators to submit their voting instruction by 5.00 p.m. on 16 April 2024.
5. **Please read the notes overleaf which contain instructions on, inter alia, the appointment of proxy(ies).**

PERSONAL DATA PRIVACY
By submitting this proxy form, the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 11 April 2024.

I/We, ____________________ (Name) ____________________ (NRIC/Passport Number/ Company Registration No.) of ____________________ (Address)
being a *member/members of PARKSON RETAIL ASIA LIMITED (the "**Company**"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares (Ordinary Shares)	%
Address			

*and/or

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares (Ordinary Shares)	%
Address			

or failing *him/her, the Chairman of the AGM as *my/our *proxy/proxies to attend, speak and vote for *me/us on *my/our behalf at the AGM of the Company to be held at the Crowne Plaza Changi Airport, Alstonia, Level 2, 75 Airport Boulevard, Singapore 819664, on Friday, 26 April 2024 at 10.30 a.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against, or abstain from voting on the ordinary resolutions to be proposed at the AGM as indicated hereunder.

No.	Ordinary Resolutions:	[1]For	[1]Against	[1]Abstaining
1	To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2023 together with the Directors' Statement and Auditor's Report			
2	To re-elect Cheng Hui Yuen Vivien as a Director			
3	To re-elect Sam Chong Keen as a Director			
4	To approve the payment of Directors' fees of up to S$250,000 for the financial year ending 31 December 2024, payable quarterly in arrears			
5	To re-appoint Messrs Foo Kon Tan LLP as Auditor			
6	To authorise the Directors to issue new shares			
7	To approve the renewal of the General Mandate for Interested Person Transactions			
8	To approve the renewal of the Share Purchase Mandate			

[1] If you wish to exercise all your votes "For" or "Against" the relevant Resolution, please tick (√) within the relevant box provided. Alternatively, if you wish to exercise some and not all of your votes "For" and "Against" the resolution and/or if you wish to abstain from voting in respect of the resolution, please indicate the number of votes "For", the number "Against" and/or the number "Abstain" in the boxes provided for the resolution. ***In any other case, the proxy/proxies may vote or abstain as the proxy/proxies deem(s) fit on any of the above resolution if no voting instruction is specified, and on any other matter arising at the AGM.***

Dated this __________ day of __________ 2024

Total number of Ordinary Shares in:	No. of Ordinary Shares
(a) CDP Register	
(b) Register of Members	

____
Signature of Shareholder(s) or,
Common Seal of Corporate Shareholder

** Delete where inapplicable*

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Futures Act 2001), you should insert that number of shares. If you have shares registered in your name in the Register of Members, you should insert that number of shares. If you have shares entered against your name in the Depository Register and shares registered in your name in the Register of Members, you should insert the aggregate number of shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the proxy form shall be deemed to relate to all the shares held by you.

2. A shareholder who is not a relevant intermediary (as defined in Section 181 of the Companies Act) is entitled to appoint not more than two (2) proxies to attend, speak and vote at the AGM. Where such shareholder's form of proxy ("**proxy form**") appoints more than one (1) proxy, the proportion of the shareholding concerned to be represented by each proxy shall be specified in the proxy form.

3. A shareholder who is a relevant intermediary is entitled to appoint more than two (2) proxies to attend, speak and vote at the AGM, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such shareholder's proxy form appoints more than two (2) proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the proxy form.

4. A proxy need not be a member of the Company.

5. The proxy form must be submitted to the Company in the following manner:

   (a) if submitted by post, be deposited at the office of the Company's Share Registrar, B.A.C.S. Private Limited, at 77 Robinson Road, #06-03 Robinson 77, Singapore 068896; or

   (b) if submitted electronically, be submitted via email to main@zicoholdings.com,

Fold along this line

Affix
Postage
Stamp

Parkson Retail Asia Limited
c/o The Share Registrar
B.A.C.S. Private Limited
77 Robinson Road
#06-03, Robinson 77
Singapore 068896

This flap for sealing

in either case, **no later than 26 April 2024 at 10.30 a.m.**, being not less than forty-eight (48) hours before the time appointed for holding the AGM.

Completion and return of the proxy form by a member will not prevent him from attending, speaking and voting at the AGM if he so wishes. In such event, the relevant proxy form will be deemed to be revoked and the Company reserves the right to refuse to admit any person or persons appointed under the proxy form to the AGM.

6. The proxy form must be executed under the hand of the appointor or of his attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its common seal (or by the signatures of authorised persons in the manner as set out under the Companies Act as an alternative to sealing) or under the hand of an attorney or a duly authorised officer of the corporation. Where the proxy form is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the proxy form, failing which, the proxy form may be treated invalid.

7. 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 AGM, in accordance with Section 179 of the Companies Act.

8. For SRS Investors, this proxy form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. SRS Investors (a) should contact their SRS Operators if they have queries regarding their appointment as proxies; or (b) may appoint the Chairman of the AGM as proxy to vote on their behalf at the AGM, in which case, they should approach their respective SRS Operators to submit their voting instruction by **5.00 p.m. on 16 April 2024**, being seven (7) working days before the AGM, and the SRS Investors shall be precluded from attending the AGM.

9. The Company shall be entitled to reject the proxy form if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the proxy form. In addition, in the case of a member whose shares are entered in the Depository Register, the Company may reject any proxy form lodged if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at seventy-two (72) hours before the time appointed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.

Designed
& Produced by
+65 6880 2828 Xpress®

PARKSON RETAIL ASIA LIMITED

Annual Report 2023

PARKSON RETAIL ASIA LIMITED

9 Raffles Place, #26-01 Republic Plaza,
Singapore 048619