THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in **PARKSON RETAIL GROUP LIMITED**, you should at once hand this circular to the purchaser or the transferee or to the bank, licensed securities dealer or other agent through whom the sale or transfer was effected, for transmission to the purchaser or transferee.

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This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for securities of **PARKSON RETAIL GROUP LIMITED**.

PARKSON 百盛

PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(Stock code: 03368)

MAJOR AND CONNECTED TRANSACTION ACQUISITION OF SHARES IN PARKSON RETAIL ASIA LIMITED AND NOTICE OF EXTRAORDINARY GENERAL MEETING

Financial advisor to the Company

Independent financial adviser to the Independent Board Committee and Independent Shareholders

A letter from the Board is set out on pages 7 to 26 of this circular. A letter from the Independent Board Committee containing its advice to the Independent Shareholders is set out on page 27 of this circular.

A letter from Investec Capital Asia Limited containing its advice to the Independent Board Committee and the Independent Shareholders is set out on pages 28 to 53 of this circular.

A notice convening the Extraordinary General Meeting ("EGM") to be held at The Executive Centre, Seminar Room – Lavender, Level 3, Three Pacific Place, 1 Queen's Road East, Admiralty, Hong Kong on 12 October 2015, Monday, at 9:00 a.m. is set out on page 299 of this circular. In the event you are not able to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, as soon as possible and in any event not less than 48 hours before the appointed time for holding EGM or any adjournment thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at EGM and any adjourned meeting (as the case may be) should you so wish.

15 September 2015

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In this circular, the following expressions have the meanings set out below unless the context otherwise requires:

"Acquisition"	the proposed acquisition by the Company of the Sale Shares from East Crest pursuant to the Agreement
"Agreement"	the agreement in relation to the sale and purchase of the Sale Shares dated 15 July 2015 entered into among East Crest, PHB, Oroleon and the Company
"associates"	has the meaning ascribed thereto under the Listing Rules
"Board"	the board of Directors
"business day"	a day (other than Saturday, Sunday and public holiday) on which (i) banks in Hong Kong, Kuala Lumpur, Malaysia, Shanghai, PRC and Singapore are open for business, and (ii) the SGX-ST is open for trading in securities
"Company"	Parkson Retail Group Limited (百盛商業集團有限公司), a company incorporated under the laws of the Cayman Islands with limited liability, the Shares of which are listed on the Stock Exchange
"Completion"	completion of the sale and purchase of the Sale Shares in accordance with the Agreement
"Completion Date"	within three business days after the day on which the last of the Conditions Precedent are fulfilled or waived in accordance with the Agreement (or such other date as East Crest and Oroleon may agree in writing prior to Completion)
"Condition(s) Precedent"	the condition(s) precedent to completion as set out in the Agreement
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules

"Consideration"	S$228,508,716.70 (equivalent to approximately HK$1,313,742,314), being the total consideration payable by Oroleon to East Crest for the acquisition of the Sale Shares pursuant to the Agreement. On 8 September 2015, the Company, East Crest, PHB and Oroleon entered into a side letter allowing East Crest, as the vendor, to elect to receive the Consideration in United States dollars based on the prevailing S$:US$ exchange rate used by Oroleon's paying bank at Completion, by giving its written notice of election to Oroleon not less than five business days prior to Completion
"Directors"	the directors of the Company
"East Crest"	East Crest International Limited, a wholly-owned subsidiary of PHB
"EGM"	the extraordinary general meeting of the Company to be held for the Independent Shareholders to consider, and if thought fit, approve the Acquisition
"Enlarged Group"	the Group and the Target Group
"Group"	the Company, its subsidiaries, a joint venture and an associate
"HK$"	Hong Kong dollar(s), the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China
"IFRS"	International Financial Reporting Standards
"Independent Board Committee"	the board committee comprising all independent non-executive Directors, namely Mr. Ko Tak Fai, Desmond, Mr. Yau Ming Kim, Robert and Dato' Fu Ah Kiow, which has been established by the Board for the purpose of advising the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder

"Independent Financial Adviser" or "Investec"	Investec Capital Asia Limited, a licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders in relation to the Agreement and the transactions contemplated thereunder
"Independent Shareholders"	the Shareholders other than PHB, East Crest and their respective associate(s)
"Independent Shareholders' Approval"	the approval by the Independent Shareholders at the EGM in respect of the Agreement and the transactions contemplated thereunder
"Latest Practicable Date"	11 September 2015, being the latest practicable date prior to the printing of this circular for ascertaining certain information referred to in this circular
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Long Stop Date"	the expiry of six months from the date of the Agreement (or such other date as Oroleon and East Crest may agree in writing)
"Material Adverse Change"	any change, event, circumstance or other matter that has, or would reasonably be expected to have, either individually or in the aggregate, a material adverse effect on: (i) the ability of East Crest or any member of the Target Group to perform its respective obligations under the Agreement; or (ii) the business, assets and liabilities, condition (financial or otherwise), results of operations or prospects of the Target Group as a whole;

PROVIDED THAT any change, event, circumstance or other matter that East Crest can demonstrate to have resulted from any of the following shall not constitute, and shall be excluded in determining whether there has been the occurrence of, a Material Adverse Change:

(i) any change that generally affects the industry(ies) or market(s) in which the Target Group operates;

(ii) any change in the financial markets or general economic or political conditions;

(iii) any change in law or any accounting principle applicable to the Target Group;

(iv) any change in the price or trading volume of the Target Company's shares, in and of itself (it being understood that the facts and circumstances underlying any such change that are not otherwise excluded from the definition of "Material Adverse Change" may nonetheless be considered in determining whether there has been the occurrence of a Material Adverse Change); except, with respect to paragraphs (i), (ii) and (iii), to the extent that any such change, event, circumstance or other matter, either alone or in combination, adversely affects the Target Group as a whole in a disproportionate manner as compared to other companies operating in the same industry(ies) and market(s) in which the Target Group operates

"Oroleon" — Oroleon (Hong Kong) Limited, a wholly-owned subsidiary of the Company

"PHB" — Parkson Holdings Berhad, a company incorporated in Malaysia and listed on the Main Market of Bursa Malaysia Securities Berhad

"PRC" — The People's Republic of China, and for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the PRC and Taiwan

"RM" — Malaysian Ringgit

"Sale Shares"	the 457,933,300 ordinary shares in the capital of the Target Company to be acquired by the Company pursuant to the Agreement, representing approximately 67.6% of the entire share capital of the Target Company
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
"SG Securities and Futures Act"	Securities and Futures Act (Chapter 289 of Singapore)
"SGX-ST"	Singapore Exchange Securities Trading Limited
"SGX-ST Listing Manual"	the Listing Manual of SGX-ST (Main Board Rules)
"Share(s)"	the ordinary share(s) of the Company with a nominal value of HK$0.02 each
"Shareholder(s)"	the holder(s) of the Share(s)
"SIC"	Securities Industry Council of Singapore
"SIC Ruling"	the ruling from the SIC that Oroleon will not be required under Rule 14.1 of The Singapore Code on Take-overs and Mergers to make a mandatory general offer for the shares of the Target Company as a result of the transactions contemplated under the Agreement
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"S$"	Singapore Dollar(s), the lawful currency of Singapore
"Target Company"	Parkson Retail Asia Limited, a company incorporated in Singapore with limited liability, whose shares are listed and quoted on the Main Board of the SGX-ST
"Target Company Shares"	the ordinary shares of the Target Company
"Target Group"	the group of companies consisting of the Target Company and its subsidiaries as set out in the annual report of the Target Company for the financial year ended 30 June 2014 and as announced by the Target Company from time to time

"US$"	United States dollars, the lawful currency of the United States of America
"VWAP"	volume weighted average market price calculated as total daily trading value divided by total daily trading volume for the relevant period
"Warranties"	the warranties, representations, indemnities and undertakings given or made by the East Crest and contained in the Agreement
"%"	per cent

Unless otherwise stated in this circular, translations of S$ into HK$ and RM into HK$ are made at the rate of S$1.00 to HK$5.7492 and RM1.00 to HK$2.0347 for information purpose only. Such conversion should not be construed as a representation that any amount has been, could have been or may be converted at the above rate or at all.

PARKSON 百盛

PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 03368)

Executive Directors:
Tan Sri Cheng Heng Jem (*Chairman*)
Mr. Chong Sui Hiong
Ms. Juliana Cheng San San

Non-executive Directors:
Datuk Lee Kok Leong
Dato' Dr. Hou Kok Chung

Independent non-executive Directors:
Mr. Ko Tak Fai, Desmond
Mr. Yau Ming Kim, Robert
Dato' Fu Ah Kiow

Registered office:
c/o M&C Corporate Services Limited
P.O. Box 309
Ugland House
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George Town
Grand Cayman
Cayman Islands

Principal place of business in Hong Kong:
Room 609, 6th Floor
Harcourt House
39 Gloucester Road
Wanchai, Hong Kong

15 September 2015

To the Shareholder

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF SHARES IN PARKSON RETAIL ASIA LIMITED
AND
NOTICE OF EXTRAORDINARY GENERAL MEETING

INTRODUCTION

Reference is made to the announcement of the Company dated 15 July 2015 in relation to the Agreement entered into among East Crest, PHB, Oroleon and the Company. Pursuant to the terms and conditions of the Agreement, East Crest has agreed to sell and Oroleon has agreed to purchase the Sale Shares, representing approximately 67.6% of the entire share capital of the Target Company for the Consideration in the amount of S$228,508,716.70 (equivalent to approximately HK$1,313,742,314). The Consideration shall be satisfied by cash at Completion.

The purpose of this circular is to provide you with, among other things, (i) details of the Acquisition; (ii) the letter of advice from the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders; (iii) the letter from the Independent Board Committee to the Independent Shareholders containing its recommendation together with (iv) the notice of EGM.

PRINCIPAL TERMS OF THE AGREEMENT

Date:

15 July 2015

Parties:

(a) East Crest, as the vendor;

(b) PHB, as vendor guarantor;

(c) Oroleon, as purchaser; and

(d) the Company, as purchaser guarantor.

Guarantee

In consideration of East Crest and PHB entering into the Agreement, the Company has agreed to guarantee the performance by Oroleon of its obligations under the Agreement. In consideration of Oroleon and the Company entering into the Agreement, PHB has agreed to guarantee the performance by East Crest of its obligations under the Agreement.

Assets to be Acquired

The Sale Shares, representing approximately 67.6% of the entire share capital of the Target Company, shall be acquired by Oroleon free from all liens, charges and encumbrances and together with all rights attaching to them, including all rights to any dividend or other distribution declared, made or paid on or after the date of the Agreement.

Consideration

The Consideration payable for the Sale Shares shall be S$228,508,716.70 (which is equivalent to approximately HK$1,313,742,314), which shall be satisfied by Oroleon with cash at Completion.

The Company will fund the Acquisition using the internally generated cash of its operating subsidiaries in the PRC. As at 30 June 2015, the Group's aggregate cash position consists of cash and cash equivalents, time deposits and investments in principal guaranteed deposits of approximately RMB1,011.3 million, RMB179.7 million and RMB2,764.7 million, respectively.

The Consideration was determined after arm's length negotiations between East Crest and Oroleon on normal commercial terms with reference to the one-month VWAP of the Target Company between 7 June 2015 to 6 July 2015 of S$0.499 (being the consideration per Sale Share), representing:

(a) a 6.2% premium to the closing share price of the Target Company of S$0.470 on 14 July 2015, the last trading day before the announcement in relation to the Agreement dated 15 July 2015; and

(b) a 51.2% premium to the closing share price of the Target Company of S$0.33 on 11 September 2015, being the Latest Practicable Date.

The Board considers that as the Target Company is a listed company in Singapore, it was unlikely that East Crest, as the vendor, would accept a price significantly below the market share price of the Target Company. In addition as the shares of the Target Company are thinly traded, its share price may move significantly on low trading volumes. In this regard, the Board is of the view that a one-month VWAP reflects the current market price at the time of the offer and also avoids one day spikes.

Furthermore, the Board has also considered the price-to-earnings ratios for the Company and other comparable listed companies and believes the offer price is in line with the trading range of such peers.

On 8 September 2015, the Company, East Crest, PHB and Oroleon entered into a side letter allowing East Crest, as the vendor, to elect to receive the Consideration in United States dollars based on the prevailing S$:US$ exchange rate used by Oroleon's paying bank at Completion, by giving its written notice of election to Oroleon not less than five business days prior to Completion.

Conditions Precedent

Completion is conditional upon the fulfilment or waiver of, as the case may be, the following Conditions Precedent on or before the Long Stop Date:

(a) Oroleon having completed due diligence of the Target Group to its satisfaction;

(b) the Target Company having obtained all necessary approvals, licenses and permits required under its articles of association, applicable laws, rules and regulations in respect of, among other things, the transactions contemplated under the Agreement;

(c) the Target Group having obtained all necessary consents and waivers required under contractual arrangements in respect of, among other things, the transactions contemplated under the Agreement;

(d) the SIC Ruling having been obtained by the Company and remaining in force and not being revoked or withdrawn on the Completion Date;

(e) PHB having obtained its shareholders' approval and all other necessary approvals required under its articles of association, applicable laws, rules and regulations, including pursuant to the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, in respect of, among other things, the transactions contemplated under the Agreement;

(f) the Company having obtained all necessary approvals for the transactions contemplated under the Agreement required under its articles of association, applicable laws, rules and regulations, including the passing by the Independent Shareholders at the EGM of all resolutions required under the Listing Rules;

(g) the current listing of the Target Company Shares not having been withdrawn, the Target Company Shares continuing to be traded on the SGX-ST prior to the Completion Date (save for any trading halt);

(h) the Warranties having remained true and accurate in all material respects and not misleading at all times from the date of the Agreement up to and including the Completion Date;

(i) there having been no Material Adverse Change since the date of the Agreement; and

(j) Oroleon being satisfied with the financing arrangements in connection with the transactions contemplated under the Agreement and such financing arrangements being in compliance with all applicable laws, regulations, including the Listing Rules.

Under Rule 14.1 of the Singapore Code on Take-overs and Mergers (the "**Singapore Code**"), unless exempted by the Securities Industry Council of Singapore ("**SIC**"), any person who acquires Target Company Shares which, when taken together with the Target Company Shares held or acquired by persons acting in concert with that person, carry 30% or more of the total voting rights in the Target Company, is required to make a general offer for the remaining Target Company Shares. As Oroleon will hold more than 30% of all of the Target Company Shares pursuant to the Acquisition, Oroleon would, unless exempted by the SIC, technically incur an obligation to make a mandatory offer for the remaining Target Company Shares that it does not already own, hold or control, following Completion. The SIC Ruling has been obtained and remains in force so that Oroleon will not be required to make a mandatory general offer for the remaining Target Company Shares under Rule 14.1 of the Singapore Code. Hence, the Condition Precedent set out in paragraph (d) above has been satisfied.

All the Conditions Precedent above (save and except for paragraphs (b), (e) and (f) above) may be waived by Oroleon in writing. The waiver by Oroleon of any of the Conditions Precedent set out in paragraphs (d), (g) and (j) is subject to compliance by the parties to the Agreement with all applicable laws, rules and regulations, including The Singapore Code on Take-overs and Mergers, the SGX-ST Listing Manual, the SG Securities and Futures Act and the Listing Rules.

East Crest shall use its reasonable endeavours to ensure that the conditions set out in paragraphs (b), (c), (e), (g), (h) and (i) shall be fulfilled by the Long Stop Date.

If the Conditions Precedent are not fulfilled or (where applicable) waived in accordance with the Agreement by the Long Stop Date, the Agreement shall cease to be of any effect except certain clauses including but not limited to confidentiality clause and save in respect of any claims arising out of any antecedent breach of the Agreement.

As at the date of this circular, the conditions set out in paragraphs (a), (d) and (j) have been satisfied.

Completion

Completion shall take place on the Completion Date. Upon Completion, Oroleon will hold approximately 67.6% of the entire share capital of the Target Company, which will become a subsidiary of the Company.

Without prejudice to any other remedies available to Oroleon, if in any respect East Crest's obligations at Completion are not complied with by East Crest on the Completion Date, Oroleon may:

(a) defer Completion to a date not more than twenty (20) business days after the Completion Date (and so that the provisions of Completion shall apply to Completion as so deferred); or

(b) proceed to Completion so far as practicable (without prejudice to Oroleon's right hereunder); or

(c) rescind its obligations under the Agreement.

Without prejudice to any other remedies available to East Crest, if in any respect Oroleon's obligations at Completion are not complied with by Oroleon on the Completion Date, East Crest may:

(a) seek an order for specific performance of the obligations of Oroleon; or

(b) rescind its obligations under the Agreement.

REASONS FOR AND BENEFITS OF THE ACQUISITION

The Group is principally engaged in the operation and management of department stores offering a range of fashion brands and lifestyle elements in China. Given the Target Group's retail business follows an identical retail format to that of the Group, the Acquisition would enable the Group to realise economies of scale across Asia.

Furthermore, the Acquisition would allow the Group to diversify geographically allowing it to seek opportunities in, and exposure to, the high growth Southeast Asian markets.

The Target Group has an extensive retail platform in Southeast Asia, so the Acquisition would enable the Group to establish an immediate foothold in the region, with a unique footprint of 67 stores, including 1 supermarket (as at 15 July 2015), across cities in Malaysia, Indonesia, Vietnam and Myanmar. As at the Latest Practicable Date, the Target Group has 43 stores in Malaysia, 14 in Indonesia, 9 in Vietnam and 1 in Myanmar. At Completion, the Group would be one of the leading pan-Asian department store firms.

With easy access to information in the age, we believe consumers will share increasingly common interests in lifestyle and consumption patterns. To capitalize on this opportunity, the Southeast Asia experience and resources of the Target Group will be a strong complement to our knowledge of the Chinese consumer market, and vice versa. Value for money products in Southeast Asia can be introduced to China through various channels, including cross border e-commerce, and advanced e-commerce initiatives in China can be brought to Southeast Asia. The Acquisition will establish better collaboration with the Target Group and ensure efficient cooperation.

The growing level of disposable income of the young and aspirational workforce and consumption upgrade trend are key driving forces behind the rapidly growing consumer and retail market in Southeast Asian countries. This presents ample opportunity for retailers to expand their business and capitalize on the long term growth trends in the region.

The terms of the Agreement have been determined following arm's length negotiations between the parties thereto. Having considered the reasons for and benefits of the Acquisition as mentioned above, the Board is of the view that the terms of the Agreement are fair and reasonable and are on normal commercial terms and in the interests of the Company and its Shareholders as a whole.

FUTURE STRATEGY

Our vision is to become a leading pan-Asian lifestyle concept retailer and we have a focused strategy to achieve this:

Alignment of management teams between the Group and the Target Group

- Establish direct communication and collaboration between functional departments such as merchandising, branding and design to enhance sharing of experience and resources
- Separate senior management teams will be maintained to ensure stability and sufficient management focus on the China and Southeast Asia businesses, but the teams will become more interdependent facilitating synergies between both companies

Enhance regional leadership by expanding of store network and sales channels

- The Group intends to continue to leverage the "Parkson" brand and to continue rolling out new stores in both China and Southeast Asia upon securing the right properties and terms

- Develop omni-channel businesses with lifestyle shopping malls, department stores, gourmet supermarkets and e-commerce across the region

Continuously refresh product and service offering to cater to dynamic consumption patterns

- Acquire insights into consumption patterns of a wider customer base by combining the two VIP programs – an addition of approximately 1.5 million members from the Target Group

- Improve services to customers through a more consistent strategy for product and brand development across Asia, e.g. extending member privileges to both markets as well as cross-border shopping and product delivery

Continue to strengthen direct sales and the brand distribution model

- Strengthen positioning as the preferred partner for regional and international brands seeking access to a pan-Asian retail platform

- Establish cost competitiveness through increased bargaining power with higher purchase volumes post integration with the Target Group

Enhance operational efficiency

- Opportunity to share brand building cost (merchandising, sales and marketing) and back office cost (IT system, e-commerce platform, finance, legal and HR) across the enlarged Group

- Sharing of brand resources (under distribution, lifestyle elements and private labels)

LISTING RULE IMPLICATIONS

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As PHB, a substantial Shareholder interested in 1,448,270,000 Shares, representing approximately 53.5% of the total issued Shares as at the date of this circular, is the sole beneficial owner of East Crest, each of PHB, East Crest and their respective associates are

connected persons of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules.

WAIVER FROM STRICT COMPLIANCE WITH RULE 14.67(6)(a)(i)

Background

Pursuant to Rule 14.67(6)(a)(i) of the Listing Rules, the Company is required to include in this circular an accountants' report on the Target Group prepared in accordance with Chapter 4 of the Listing Rules. The accounts on which such report is based must relate to a financial period ended 6 months or less before the date of this circular, and the financial information on the Target Group must be prepared using accounting policies which should be materially consistent with those of the Company. In this regard, the Company is required under Chapter 4 of the Listing Rules to include an accountants' report on the Target Group with the financial information of the Target Group for the three financial years ended 30 June 2015.

The consolidated audited financial statements of the Target Group for the three financial years ended 30 June 2015 were prepared in accordance with Singapore Financial Reporting Standards.

Waiver Sought

The Company has applied to the Stock Exchange for waiver from strict compliance with Rule 14.67(6)(a)(i) regarding certain disclosures under Chapter 4 of the Listing Rules on the following grounds:

(a) the Target Company is a public company listed on the Main Board of the SGX-ST. The Target Company had published its financial information, including audited accounts on a regular basis in accordance with the requirements of the SGX-ST Listing Manual which requires the Target Company to:

    (i) as a listed issuer having a market capitalization that is greater than S$75 million, announce its unaudited consolidated financial statements for each of the first three quarters of its financial year, in the form set out in Appendix 7.2 of the SGX-ST Listing Manual, within 45 days after the end of the quarter; and

    (ii) announce its financial statements for the full financial year, in the form set out in Appendix 7.2 of the SGX-ST Listing Manual, within 60 days after the end of the financial year;

(b) under the Companies Act (Chapter 50) of Singapore, the Target Company is required to prepare its financial statements in accordance with the Singapore Financial Reporting Standards. The Company therefore believes that such regular and regulated disclosure of the financial information of the Target Group will enable the shareholders and investors of the Company to assess the activities and financial position of the Target Group;

(c) the Company considers that it would be unduly burdensome, timely and costly for it to engage professional accountants to prepare an accountant's report on the Target Group as required by Rule 14.67(6)(a)(i), Rule 4.03 and Rule 4.11 of the Listing Rules.

Alternative Disclosure

The Company has included the following information in this circular as alternative disclosure to an accountants' report under Chapter 4 of the Listing Rules:

(a) the consolidated audited financial statements of the Target Group for the financial years ended 30 June 2013, 2014 and 2015 prepared under the Singapore Financial Reporting Standards. The Target Company's auditors, Ernst & Young LLP, had issued a clean opinion on the audited financial statements with emphasis of matters for the financial year ended on 30 June 2015;

(b) a line-by-line reconciliation of the Target Group's financial information for the differences between its accounting policies under the Singapore Financial Reporting Standards and the Company's accounting policies under IFRS, with an explanation of the differences, as set out on pages 55 to 64 in Appendix II to this circular. The reconciliation provides financial information under IFRS to facilitate shareholders' assessment of the Target Group's performance and financial position. Ernst & Young, the Company's auditors, have reviewed the reconciliation under Hong Kong Standard of Assurance Engagements 3000; and

(c) additional material information which is required for an accountants' report under the Listing Rules but not disclosed in the Target Group's published accounts, as set out on pages 65 to 70 in Appendix II to this circular.

Based on the information provided by the Company and the alternative disclosure above, the Stock Exchange granted the waiver from strict compliance with Rule 14.67(6)(a)(i) regarding certain disclosures under Chapter 4 of the Listing Rules.

INFORMATION OF THE TARGET GROUP

The Target Company is a company incorporated in Singapore and is listed on the Main Board of the SGX-ST. The principal business of the Target Group is the operation and management of department stores in Southeast Asia. As at the Latest Practicable Date, the Target Group operates an extensive network of 67 stores (including 1 supermarket), spanning approximately 797,000 square metres of gross floor area across cities in Malaysia, Vietnam, Indonesia and Myanmar.

Financial Information of the Target Group

A summary of the audited results of the Target Group for each of the two financial years ended 30 June 2014 and 2015 is set out below.

	For the financial year ended 30 June 2014 (restated) *(S$'000)/(HK$'000)*	**For the financial year ended 30 June 2015** *(S$'000)/(HK$'000)*
Revenue	432,037 (equivalent to approximately HK$2,483,867)	428,751 (equivalent to approximately HK$2,464,975)
Profit/(loss) before tax	45,625 (equivalent to approximately HK$262,307)	(40,591) (equivalent to approximately HK$(233,366))
Profit/(loss) after tax	32,058 (equivalent to approximately HK$184,308)	(52,795) (equivalent to approximately HK$(303,529))
Profit/(loss) attributable to equity holder	34,382 (equivalent to approximately HK$197,669)	(34,688) (equivalent to approximately HK$(199,428))

As at 30 June 2015, the audited total equity of the Target Group amounted to approximately S$130,046,000 (which is equivalent to approximately HK$747,660,000).

INFORMATION OF PHB AND EAST CREST

PHB is a company incorporated in Malaysia and its shares are listed on the Main Market of Bursa Malaysia Securities Berhad. The principal business of PHB is investment holding. East Crest is an investment holding company incorporated in the British Virgin Islands with limited liability and is a direct wholly-owned subsidiary of PHB. The original acquisition cost of the 2 ordinary shares of the Target Company (representing the entire share capital of the Target Company at the time) by East Crest was RM 5 (which is equivalent to approximately HK$10) and the Target Company was acquired in March 2011. The carrying amount of the investment in the Sales Shares as at 30 June 2015 was RM 299,645,475 (which is equivalent to approximately HK$609,688,648).

A separate announcement has been made by PHB in respect of the proposed sale of the Sale Shares to Oroleon on the Bursa Malaysia Securities Berhad on 15 July 2015.

INFORMATION OF THE GROUP AND OROLEON

The principal activities of the Group are the operation and management of a network of department stores in the PRC. Oroleon is an investment holding company incorporated in Hong Kong and an indirect wholly-owned subsidiary of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUP

Set out below is the key financial information of the Target Group for the three years ended 30 June 2013, 2014 and 2015.

Operating Results

The principal activity of the Target Company is investment holding whilst its subsidiaries are principally involved in the operation of department stores. The Target Group operates an extensive network of 67 stores (including one supermarket), spanning across cities in Malaysia, Vietnam, Indonesia and Myanmar.

For each of the three years ended 30 June 2013, 2014 and 2015, the Target Group recorded profit/(loss) before tax of S$52.5 million, S$45.6 million and S$(40.6) million on revenues of S$446.7 million, S$432.0 million and S$428.8 million respectively. In terms of profit/(loss) after tax attributable to owners of the Target Group, the Target Group recorded S$39.0 million, S$34.4 million and S$(34.7) million for the three years ended 30 June 2013, 2014 and 2015 respectively. In particular, for the year ended 30 June 2015, the Target Group recorded large one-off items including:

(i) contingent expenses of S$64.7 million relating to the early-termination of a lease at Landmark 72, Hanoi;

(ii) impairment of deposits due from closed store at Landmark 72 of S$3.7 million;

(iii) impairment of deposits due from two managed-stores located in Ho Chi Minh City of S$8.2 million; and

(iv) gain on disposal of an associate, Odel PLC, of S$1.4 million.

Between FY2013 and FY2014 the decrease in revenue was due to, among others, the decline in same-store-sales-growth for Vietnam operations, weak Indonesian Rupiah which reduced the sales contribution from foreign operations upon translation into S$ and loss of sales from 3 stores which were closed for renovation. The profit after tax also decreased due to the above reasons.

Between FY2014 and FY2015 the decrease in revenue was due to, among others, the decline in same-store-sales-growth for (i) Malaysia due to weak consumer sentiment and frontloading of consumer purchases prior to the implementation of Goods & Service Tax in April 2015, and (ii) Vietnam due to continued weak discretionary spending and entry of competing retailers. The profit after tax also decreased due to the above reasons.

Liquidity and Financial Resources

As at 30 June 2013, 2014 and 2015, the Target Group had cash and short-term deposits in an amount of S$153.8 million, S$129.2 million, and S$126.7 million, respectively, and has consistently generated healthy net cash from operations during the relevant periods.

Commitments

The Target Group will not require outside funding for capital expenditure spending for the financial year ending 30 June 2016.

Capital Structure

As at 30 June 2013, 2014 and 2015, the total assets of the Target Group amounted to approximately S$438.1 million, S$419.9 million and S$374.4 million, respectively, the total liabilities of the Target Group amounted to approximately S$185.1 million, S$185.8 million and S$244.4 million, respectively, and the total equity attributable to owners of the Target Group amounted to approximately S$250.5 million, S$233.9 million and S$148.0 million, respectively.

The gearing ratio (total liabilities divided by total equity) was approximately 73.2%, 79.4% and 187.9% as at 30 June 2013, 2014 and 2015, respectively.

Historically, the Target Group did not use loans and borrowings to fund its operations. As at 30 June 2015, the Target Group had S$0.7 million in short term loans and borrowings primarily used for working capital purposes.

Employees and Remuneration Policies

Group	**Malaysia**	**Vietnam**	**Indonesia**	**Myanmar**	**Total**
As at 30 June 2015					
Staff Headcount					
Store	2,552	372	1,285	52	4,261
HQ	316	95	182	–	593
	2,868	467	1,467	52	4,854
Staff costs (S$'000)	37,289	4,955	10,049	293	52,586
As at 30 June 2014					
Staff Headcount					
Store	2,330	448	1,339	53	4,170
HQ	308	101	172	–	581
	2,638	549	1,511	53	4,751
Staff costs (S$'000)	35,775	4,839	8,613	298	49,525

The Target Group's remuneration and bonus for each respective country is in line with market practice. The Target Group also has a share option scheme in place but no options have been granted to-date.

Contingent Liabilities

As at 30 June 2013 and 2014, the Target Group did not have any significant contingent liabilities.

As at 30 June 2015, the Target Group recorded contingent expenses of S$64.7 million in relation to the early-termination of a lease at Landmark 72, Hanoi, Vietnam by a subsidiary, Parkson Hanoi Co Ltd. Parkson Hanoi Co Ltd holds the operating license for the store at Landmark 72.

These contingent expenses represent possible compensation payable by Parkson Hanoi Co Ltd to the landlord of the Landmark 72 store for breach of terms of tenancy agreement. No legal action has been initiated by the landlord to seek such compensation as at the Latest Practicable Date but Parkson Hanoi Co Ltd has provided for this sum as a contingency and will contest any legal claim that may arise. This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. Under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount then the maximum contingent expenses provided as at balance sheet date in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision.

Notwithstanding the above contingent provision, the liabilities of Parkson Hanoi Co Ltd's shareholders are limited to their respective contributed equity capital in the event of dissolution. The Target Group's contribution to its share of Parkson Hanoi Co Ltd's equity capital has been fully written down in the previous financial year.

Pledge of and Charges on Assets

As at 30 June 2013, 2014 and 2015, the Target Group did not have any pledges and/or charges over its assets.

Please refer to the audited financial statements of the Target Company for each of the three years ended 30 June 2013, 2014 and 2015, respectively set out in Appendix II to this circular for further details of the financial information of the Target Company.

Material Acquisition, Disposals, Significant Investment and Future Plans of Material Investments

For the years ended 30 June 2013 and 2014, the Target Group did not have material acquisition, disposals or significant investments.

For the year ended 30 June 2015, the Target Group completed the disposal of its 47.46% stake in Sri Lanka listed retailer, Odel Plc, for a total cash consideration of approximately S$27.9 million in November 2014.

The Target Group has no future plan of material investments or capital assets in the coming year after the Acquisition. The Target Group continues to explore opportunities as they arise as part of its ordinary and usual course of business.

RISK FACTORS

Risk factors in relation to the business of the Target Group

The department store business is highly competitive and faces further competition from multiple retail formats.

The retail industry in the Southeast Asian markets in which the Target Group operates, especially in Malaysia and Indonesia, is highly competitive. The Target Group faces strong competition from other national and international operators of department stores and specialty retailers that target the same middle and upper-middle income consumer segment. There is also the potential of an increasing number of international retailers entering the markets in which it operates. Some of the Target Group's competitors may have more financial and managerial resources than it does. The Target Group believes that the principal areas in which it competes with its competitors are (i) degree of brand recognition and suitable store image, (ii) location of stores and extensive network, (iii) good understanding of the retail industry, fashion trends and market demand in its markets of operation, (iv) economies of scale, (v) competitive advantage with suppliers, (vi) wide range of brands and products, (vii) customer service quality, (viii) product quality and value, (ix) store design and ambience and (x) flexibility and speed in responding to customer demand and changing preferences.

A number of different competitive factors could have a material adverse effect on the Target Group's results of operations and financial condition in the markets in which it operates, including, among other things: (a) its competitors adopting an aggressive pricing strategy, offering a more attractive merchandise mix and introducing more innovative store formats or retail sales methods, (b) entry by new competitors into its current markets, (c) increased operational efficiencies of competitors, and (d) its concessionaires and direct sales suppliers establishing their own stores.

To the extent that the Target Group fails to compete successfully in its existing and new markets due to any of these factors, its business and results of operations may be adversely affected.

The Target Group's financial performance depends to a large extent on sales from its stores in Malaysia.

While the Target Group operated 66 department stores across Malaysia, Indonesia, Vietnam and Myanmar as at 30 June 2015, 42 of these department stores were located in Malaysia. Merchandise sales from the Target Group's Malaysia operations accounted for approximately 73.4%, 71.6% and 69.7% of its total merchandise sales during the financial years 2013, 2014 and 2015. As a result, the Target Group is significantly financially dependent on its operations in Malaysia. If Malaysia were to suffer any significant economic downturn, or if retail demand in the area were to otherwise decrease, the Target Group's financial condition and results of operations may be harmed as a result.

The Target Group's success depends significantly on key management and its ability to attract and retain additional management.

The loss of certain members of the Target Group's senior management may result in: (i) a loss of organisational focus; (ii) poor operating execution; and (iii) an inability to identify and execute potential strategic initiatives such as expansion of its network of stores in the markets in which it operates. These adverse results could, among other things, reduce potential revenue, prevent the Target Group from diversifying its service lines and expose it to downturns in the markets in which it operates. Those circumstances, in turn, could adversely affect the Target Group's profitability and financial results.

The Target Group is subject to risks associated with its planned expansion programme.

There are risks involved in the Target Group's expansion strategy, including whether it has timed and determined the magnitude of its expansion in a manner that will result in greater revenues and profitability and not burden itself with excessive costs and whether it can successfully negotiate the terms of new leases.

The Target Group's expansion requires it to hire, train and retain additional qualified management personnel and expand the capacity of its management information systems while simultaneously coordinating with its vendors to ensure an adequate supply of quality merchandise. Failure to successfully manage these processes or to successfully identify and exploit new markets in a timely fashion may materially and adversely affect its business, financial condition, results of operations and prospects.

The Target Group may not be able to extend any of its existing leases for its stores when they expire, or if they are terminated, on acceptable terms.

As at 30 June 2015, the Target Group leased the premises on which all but one of its existing department stores are located.

In the event that any of the Target Group's leases expire or are terminated for any reason prior to their expiration, the Target Group may need to negotiate a new lease or seek an alternative site to relocate the existing store and cannot provide assurance that any such renewal or alternative site can be leased on comparable terms and that the alternative site, if any, will be at a comparable location. Relocation of any part of the Target Group's operations may cause disruptions to its business and requires significant expenditure, and the Target Group cannot provide assurance that it will be able to find suitable premises on commercially reasonable terms in such a case in a timely manner, if at all.

The Target Group requires a number of regulatory licences in order to operate and will require more to expand into new markets, which it may be unable to obtain.

Failure to obtain any of the requisite licences and registrations in the jurisdictions in which the Target Group operates could subject it to fines and other sanctions, including suspension or revocation of its licences, closure of its affected stores and imprisonment. Being subjected to such fines and sanctions could have a material adverse effect on the Target Group's business, financial condition, results of operations and prospects.

Political, economic and social developments in Malaysia and its other operating geographies may adversely affect the Target Group

The Target Group's business, prospects, financial condition and results of operations may be adversely affected by political, economic and social developments in Malaysia. Other political and economic uncertainties include but are not limited to the risks of war, terrorism, riots, renegotiations or nullification of existing contracts, and changes in interest rates, foreign exchange rates, methods of taxation and import duties and restrictions. Any change in government policy, changes to senior positions within the government and parliament, or any political instability in Malaysia or other countries that may arise from these changes may have a material adverse effect on the Target Group.

General economic conditions in Asia may also have an effect on the Target Group's business, financial condition and results of operations, as well as future prospects. Recent financial crisis, ongoing European debt crisis, occurrence of flu viruses in Asia and other parts of the world have increased the uncertainty of global economic prospects and may adversely affect the economies in which the Target Group has operations in. Any future deterioration of economic conditions in these geographies or globally could adversely affect the Target Group's business, financial condition, results of operations and prospects.

Risk factors in relation to the Acquisition

Exchange rate fluctuations may affect the Consideration payable by the Group in relation to the Acquisition

As per the Agreement and the side letter to the Agreement, the Consideration of approximately S$228.5m or its US dollar equivalent based on the prevailing S$:US$ exchange rate at Completion, shall be satisfied by Oroleon with cash at Completion. As the Group will fund the Consideration for the Acquisition using the internally generated cash of its operating subsidiaries in the PRC which is denominated in renminbi, a fluctuation in the renminbi against the Singapore dollar would affect the total consideration payable by Oroleon in renminbi terms.

Ability to pay dividends

The Consideration for the Acquisition will be funded using the Group's internally generated cash. This will reduce the aggregate cash position of the Group which could affect the Group's future ability to pay dividends.

Risk from investment in new geographies

Even though the Target Group operates in a similar retail format as that of the Group, the Group has never operated department stores in Southeast Asia and may have to rely on the experience and expertise of key management of the Target Group to run the department store business for Southeast Asia.

The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the risk factors discussed are immaterial.

FINANCIAL EFFECTS OF THE ACQUISITION ON THE GROUP

Upon Completion, the Target Group will be consolidated under the Company and the profit or loss and assets and liabilities of the Target Group will be accounted for in the consolidated financial statements of the Company. The pro forma financial information of the Enlarged Group is set out in Appendix III to this circular.

Based on the pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, the pro forma consolidated assets of the Group as at 30 June 2015 would increase from approximately RMB13,430 million to approximately RMB14,736 million and the pro forma consolidated total liabilities of the Group as at 30 June 2015 would increase from approximately RMB7,857 million to RMB8,971 million as a result of the Acquisition.

For illustrative purpose only, assuming the Acquisition was completed on 1 January 2015, the Directors expect that the unaudited pro forma profits attributable to the owners of the Company for the six months period ended 30 June 2015 and the basic and diluted earnings per share for the six months period ended 30 June 2015 would decrease, since the Target Group had recorded a net loss during the relevant period.

For the purpose of the pro forma financial information of the Enlarged Group as set out in Appendix III of this circular, the Company has assessed if there is any impairment on the goodwill arising from the Acquisition in accordance with the International Accounting Standard 36 “Impairment of Assets”, which is consistent with the Company’s accounting policy. The Directors are of the view that, after performing the impairment assessment, there is no impairment indication of the goodwill arising from the Acquisition as set out in the Unaudited Pro Forma Financial Information of the Enlarged Group. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. The recoverable amount of the cash-generating units of the Target Group has been determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by the executive directors. Based on the Directors’ assessment, there is no indicator of impairment of the goodwill arising from the Acquisition.

RECOMMENDATION

The Independent Board Committee has been formed to consider and advise the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder. The Company has also appointed the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in respect of the Agreement and the transactions contemplated thereunder.

The Board has passed the resolution to approve, among others, the Agreement. As Tan Sri Cheng Heng Jem is the chairman and managing director of PHB as well as a significant shareholder of PHB, he had a material interest in the Agreement and abstained from voting on the Board resolution to approve the Agreement. Save as disclosed above, none of the Directors had a material interest in the Agreement or was required to abstain from voting on the Board resolutions to approve the Agreement pursuant to the Listing Rules and the articles of association of the Company.

The Board (excluding members of the Independent Board Committee, the opinion of which is included in the letter from the Independent Board Committee in this circular) is of the view that the Agreement and the transactions contemplated thereunder are at normal commercial terms through arm's length negotiations between the parties, and that they are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Board recommends the Shareholders to vote in favour of the ordinary resolution of the EGM in respect of the Agreement.

EGM

The Company will convene the EGM at Seminar room – Lavender, Level 3, Three Pacific Place, 1 Queen's Road East, Admiralty, Hong Kong on 12 October 2015, Monday at 9:00 a.m. to consider and, if thought fit, approve the Agreement and the transactions contemplated thereunder. A notice of the EGM is set out on page 299 of this circular.

Pursuant to Rules 14A.36 and 14.63(2)(d) of the Listing Rules, any connected person and any Shareholder and its close associates who have a material interest in the proposed transaction must abstain from voting on the relevant resolution at the EGM. Accordingly, PHB must abstain from voting on the resolution in respect of the Agreement and transaction contemplated thereunder at the EGM.

A form of proxy for use at the EGM is enclosed with this circular. Such form of proxy is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and of the Company (www.parksongroup.com.cn). In the event you are not able to attend the meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong as soon as possible but in any event no later than 48 hours before the time scheduled for holding the EGM or any adjournment thereof. Completion and return of the form of proxy will not preclude you from attending and voting in person at the EGM nor at any adjourned meeting should you so wish.

Pursuant to Rule 13.39(4) of the Listing Rules, the vote of the Independent Shareholders taken at the EGM to approve the Acquisition and all transactions contemplated in the Sale and Purchase Agreement will be taken by poll, the results of which will be announced after the EGM.

ADVICE

Your attention is drawn to the letter from the Independent Board Committee as set out on page 27 of this circular which contains its advice to the Independent Shareholders in respect of the Agreement.

Your attention is also drawn to the letter of advice received from Investec Capital Asia Limited, the Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders as set out on pages 28 to 53 of this circular which contains, among other things, its advice to the Independent Board Committee and the Independent Shareholders in relation to the terms of the Agreement and the principal factors and reasons considered by it in arriving at its advice.

FINANCIAL INFORMATION AND TRADING PROSPECTS OF THE GROUP

The Group will continue to be principally engaged in the operation and management of department stores offering a range of brands of fashion and lifestyle related merchandise. Given the Target Group's retail business is in an identical retail format as that of the Group's, the Group would be able to realise economies of scales across Asia when negotiating with suppliers for better terms. The transaction will also ensure the Group diversify beyond China to achieve balanced growth with a larger pan-Asian platform and wider customer base.

In respect of the Group's China business, despite the challenges brought by the new retail environment in China, the Group sees ample opportunities for retailers to thrive. With its strong track record, nationwide store network, good relationships with suppliers and brands, and keen management insights, Parkson is transforming its business to further capture opportunities in China.

With the addition of a Southeast Asian platform, the Group would be able to leverage on the brand and further expand its reach to a larger and more diversified customer base that is poised in a high growth region. Entering the high growth market of Southeast Asia would also allow the Group to diversify the risk of any potential slow down in China.

The Group is confident that with a pan-Asian platform, there will be improved sourcing capabilities through cross introduction of international brands and further development of private labels. The Group is also bringing in lifestyle elements to its store network through introduction of the F&B brands and broadening its product offerings by the launch of a new gourmet supermarket brand to cater to the needs of the elite group of customers that is looking for high quality imported and local food products.

The Group's current business is 100% in China and highly exposed to the fluctuation of renminbi. On the other hand, the Target Group operates in regions with vibrant economies which offer exposure to high growth in the ASEAN region. Whilst the Malaysian Ringgit has depreciated in the recent months owing to ongoing political uncertainty, the Board continues to believe in the long term prospects of the Malaysian economy and in particular the Malaysian retail sector. With the Acquisition, the Group expects to diversify its business and currency exposure outside of China and into the Southeast Asia region. Given that the Target Group operates in an identical retail format to the Group, the Group will be able to (a) realise economies of scales across Asia when negotiating with suppliers for better terms, and (b) capitalise on the retailing experience of the Target Group to complement the Group's knowledge of the Chinese consumer market.

ADDITIONAL INFORMATION

Additional information is also set out in the appendixes of this circular for your information.

By order of the Board
PARKSON RETAIL GROUP LIMITED
Tan Sri Cheng Heng Jem
Executive Director & Chairman

PARKSON 百盛

PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 03368)

15 September 2015

To the Independent Shareholders

Dear Sir or Madam,

MAJOR AND CONNECTED TRANSACTION
ACQUISITION OF SHARES IN PARKSON RETAIL ASIA LIMITED

We refer to the circular issued by the Company to its shareholders and dated 15 September 2015 (the "Circular") of which this letter forms part. Terms defined in the Circular have the same meanings when used in this letter unless the context otherwise requires.

We have been appointed as the Independent Board Committee to consider the terms of the Agreement pursuant to which the Acquisition will be made and to advise the Independent Shareholders as to whether, in our opinion, the terms of the Agreement are fair and reasonable so far as the Independent Shareholders are concerned and whether the Agreement and the transactions contemplated thereunder are in the interests of the Company and the Shareholders as a whole. Investec Capital Asia Limited has been appointed as the independent financial adviser to advise us in this respect.

We wish to draw your attention to the letter from the Board and the letter from Investec Capital Asia Limited as set out in the Circular.

Having considered the principal factors and reasons considered by, and the advice of, Investec Capital Asia Limited as set out in its letter of advice, we consider that the terms of the Agreement are on normal commercial terms, are fair and reasonable so far as the Independent Shareholders are concerned, and are in the interests of the Company and Shareholders as a whole. Accordingly, we would recommend the Independent Shareholders to vote in favour of the ordinary resolution to approve the Agreement and the transactions contemplated thereunder at the EGM.

Yours faithfully,
Ko Tak Fai, Desmond
Yau Ming Kim, Robert
Fu Ah Kiow
Independent Board Committee

*The following is the text of the letter of advice from Investec Capital Asia Limited (“**Investec**”) to the Independent Board Committee and the Independent Shareholders in relation to the Acquisition prepared for the purpose of incorporation in this circular.*

Investec Capital Asia Ltd
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www.investec.com

15 September 2015

To: The Independent Board Committee and
the Independent Shareholders of
Parkson Retail Group Limited

Dear Sirs/Madams,

MAJOR AND CONNECTED TRANSACTION
IN RELATION TO
ACQUISITION OF SHARES IN
PARKSON RETAIL ASIA LIMITED

I. INTRODUCTION

We refer to our appointment as the independent financial adviser to advise the Independent Board Committee and the Independent Shareholders with regard to the transactions contemplated under the Agreement. Details of the Agreement are contained in the letter from the Board (the “**Letter from the Board**”) of the circular to the Shareholders dated 15 September 2015 (the “**Circular**”), of which this letter forms part. Unless otherwise stated, terms defined in the Circular have the same meanings in this letter.

On 15 July 2015, East Crest, PHB, Oroleon and the Company entered into the Agreement, pursuant to which, the Company, through Oroleon, conditionally agreed to acquire, and East Crest conditionally agreed to dispose, the Sale Shares, representing 67.6% of the issued share capital of the Target Company, for a consideration in the amount of S$228,508,716.70 (equivalent to approximately HK$1,313,742,314). The Consideration shall be satisfied by cash at Completion.

As set out in the Letter from the Board, on 8 September 2015, the Company, East Crest, PHB and Oroleon entered into a side letter allowing East Crest, as the vendor, to elect to receive the Consideration in United States dollars based on the prevailing S$:US$ exchange rate used by Oroleon’s paying bank at Completion, by giving its written notice of election to Oroleon not less than five business days prior to Completion.

As one or more of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisition is more than 25% but less than 100%, the Acquisition constitutes a major transaction of the Company and is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

In addition, as PHB, a substantial Shareholder interested in 1,448,270,000 Shares, representing approximately 53.5% of the total issued Shares as at the Latest Practicable Date, is the sole beneficial owner of East Crest, each of PHB, East Crest and their respective associates are connected persons of the Company. Accordingly, the Acquisition constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules, and is subject to the reporting, announcement and Independent Shareholders' Approval requirements pursuant to Chapter 14A of the Listing Rules.

The Board currently consists of eight Directors, namely Tan Sri Cheng Heng Jem, Mr. Chong Sui Hiong and Ms. Juliana Cheng San San, as executive Directors, Datuk Lee Kok Leong and Dato' Dr. Hou Kok Chung as non-executive Directors, and Mr. Ko Tak Fai, Desmond, Mr. Yau Ming Kim, Robert and Dato' Fu Ah Kiow as independent non-executive Directors.

The Independent Board Committee comprising all of the independent non-executive Directors, namely, Mr. Ko Tak Fai, Desmond, Mr. Yau Ming Kim, Robert and Dato' Fu Ah Kiow, has been established to advise the Independent Shareholders as to whether the terms of the Agreement are fair and reasonable, and whether the transactions contemplated thereunder are on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

We have been appointed to advise the Independent Board Committee and the Independent Shareholders in these respects and to give our opinion in relation to the Agreement and the transactions contemplated thereunder for the Independent Board Committee's consideration when making their recommendation to the Independent Shareholders.

As at the Latest Practicable Date, we were independent from and not connected with the Group, PHB and East Crest pursuant to Rule 13.84 of the Listing Rules, and accordingly, qualified to give independent advice to the Independent Board Committee and the Shareholders regarding the Agreement. Apart from the normal advisory fee payable to us in connection with our appointment as the independent financial adviser, no arrangement exists whereby we shall receive any other fees or benefits from the Company.

II. BASIS AND ASSUMPTIONS AND EXECUTIVE SUMMARY OF OUR ADVICE

Basis and assumptions of our advice

In formulating our advice, we have relied solely on the statements, information, opinions and representations for matters relating to the Group contained in the Circular and the information and representations provided to us by the Group and/or its senior management staff (the "**Management**") and/or the Directors. We have also sought, discussed and made enquiries

with the Target Company and indirectly through the Management, relevant information in respect of the Target Company for the purpose of our analysis. We have assumed that all such statements, information, opinions and representations contained or referred to in the Circular or otherwise provided or made or given by the Group and/or the Management and/or the Directors and/or the Target Company, and for which it is/they are solely responsible were true and accurate and valid in all material respects at the time they were made and given and continue to be true and valid in all material respects as at the date of the Circular. We have assumed that all the opinions and representations for matters relating to the Group made or provided by the Management and/or the Directors and/or the Target Company contained in the Circular have been reasonably made after due and careful enquiry. We have also sought and obtained confirmation from the Company and/or the Management and/or the Directors and/or the Target Company that no material facts have been omitted from the information provided and referred to in the Circular.

We consider that we have reviewed sufficient information and documents to enable us to reach an informed view and to justify our reliance on the information provided so as to provide a reasonable basis for our advice. We have no reason to doubt the truth, accuracy and completeness of the statements, information, opinions and representations provided to us by the Group and/or the Management and/or the Directors and/or the Target Company and their respective advisers or to believe that material information has been withheld or omitted from the information provided to us or referred to in the aforesaid documents. We have not, however, carried out any independent verification of the information provided, nor have we conducted any independent investigation into the business and affairs of the Company, PHB, East Crest, Target Company and their respective subsidiaries or the prospects of the markets in which they respectively operate.

Shareholders should note that none of the information contained in this letter should be construed as an assurance or forecast of the future performance of the Group or the Target Group.

Executive summary of our advice

As further elaborate in the analysis set out below, we consider that the Acquisition to be in the interest of the Company and the Shareholders as a whole. In summary, the Acquisition would:

- provide immediate access to four new major markets in Southeast Asia where the Target Group has established presences;
- reduce the Group's current reliance on the PRC market and significantly broaden its earning base, thus transforming the Group's outlook and prospect;
- allow synergistic benefits through economies of scale and other cost and operational benefits to be extracted by the managements of the combined group, both having worked under the common ownership and corporate values of PHB; and

- provide an opportunity for the Group to effectively deploy its cash and liquid resources in the Target Group which has historically generated higher return than the yields achieved by the Group.

III. PRINCIPAL FACTORS CONSIDERED

In formulating our opinion on the terms of the transactions contemplated under the Agreement, we have taken into consideration the following principal factors and reasons, including the background information of the parties and principal assets under the Acquisition as well as an overview of the retail market in Malaysia, Indonesia, Vietnam and Myanmar.

1. Background information of the Group

The principal activities of the Group are the operation and management of a network of department stores in the PRC. As set out in the annual report of the Company for the year ended 31 December 2014 (the "**2014 Annual Report**"), over 90% of the Group's operating assets are located in the PRC and in turn over 90% of the Group's turnover and contribution to the operating profit is attributable to customers in the PRC.

The Parkson brand was introduced to the Beijing market in the early 1990's and since then, the Group has expanded to a network of 60 stores across 36 major cities in the PRC.

Financial information for the year ended 31 December 2014

Set out below is the summary of the Company's consolidated statements of profit or loss and consolidated statement of financial position for the two years ended 31 December 2013 and 31 December 2014 as set out in the 2014 Annual Report:

	For the year ended 31 December	
	2014	**2013**
Approximate	*RMB million*	*RMB million*
	(Audited)	(Audited)
Operating revenues	5,015.1	5,110.4
Profit for the year	245.8	372.6
– attributable to owners of the Company	235.0	353.6
– attributable to non-controlling interests	10.8	19.0

	As at 31 December	
	2014	**2013**
Approximate	*RMB million*	*RMB million*
	(Audited)	(Audited)
Total assets	13,938.9	13,705.7
– Investments in principal guaranteed deposits	3,532.7	3,635.3
– Time deposits	227.6	143.2
– Cash and cash equivalents	1,124.3	1,035.5
Total liabilities	8,280.0	8,023.7
– Bonds	3,034.5	3,016.8
– Interest-bearing bank loans	700.1	178.9
Total equity	5,658.9	5,682.0
– attributable to owners of the Company	5,587.0	5,597.2
– non-controlling interests	71.9	84.8

For the year ended 31 December 2014, the Group recorded operating revenues and profit for the year attributable to owners of the Company of approximately RMB5,015.1 million and RMB235.0 million, respectively, representing a year-on-year decrease of approximately 1.9% and 33.5%, respectively, from the year ended 31 December 2013. The abovementioned decrease in profit attributable to owners of the Company was primarily attributable to a combination of (i) a decrease in direct sales, commissions from concessionaire sales and other operating revenues due to weakening consumer demand from a slowdown in the PRC retail market and competition from online retailers; and (ii) the increase in costs of goods sold and other operating expenses.

Financial information for the six months ended 30 June 2015

For the six months ended 30 June 2015, the Group recorded unaudited operating revenues of approximately RMB2,505.6 million, representing a year-on-year decrease of approximately 2.2%, from the six months ended 30 June 2014, as well as a same store sales (the "**SSS**") decrease of approximately 4.6%. Such decreases were primarily attributable to weaker consumer sentiment and decrease in sales of gold and jewelry products. Attributable to the factors as set out above, an one-off provision in respect of the arbitral award arising from the disputes in the Beijing Metro City Shopping Plaza's Tenancy Agreement which amounted to approximately RMB140.9 million and notable increase in operating expenses, the loss for the period attributable to owners of the Company amounted to approximately RMB23.3 million.

As at 30 June 2015, the Group had cash and cash equivalents, time deposits and investments in principal guaranteed deposits of approximately RMB1,011.3 million, RMB179.7 million and RMB2,764.7 million, respectively (together the "**Aggregate Cash Position**"). At the same date, the Group's total borrowings of approximately RMB3,830.9 million comprised of US$ denominated bonds due in 2018 with a book value of approximately RMB3,035.3 million (the "**2018 Bonds**") and bank loans denominated in US$ and HK$ of approximately RMB795.6 million. On this basis, the Group's net cash position, based on the Aggregate Cash Position less interest-bearing bank loans but excluding the 2018 Bonds, was approximately RMB3,160.1 million as at 30 June 2015.

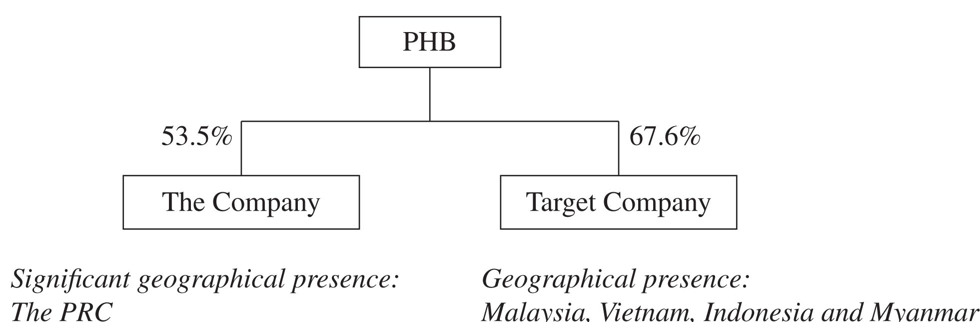
The Group recorded total assets of approximately RMB13,430.4 million, total liabilities of approximately RMB7,856.8 million and total equity attributable to owners of the Company of approximately RMB5,504.5 million as at 30 June 2015.

2. Background information of the Target Group

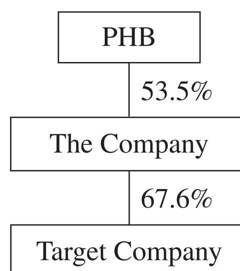
2.1 Shareholding structure before and after Completion

Set out below is the simplified shareholding structure of the Company and the Target Group (i) as at the date of this letter; and (ii) immediately upon the Completion.

As at the date of this letter



Immediately upon the Completion



2.2 Background of the Target Group

The shares of the Target Company have been listed on the main board of the SGX-ST since 3 November 2011. Based on the Letter from the Board, the Target Group has a sizable operation with a department store network comprised 67 stores (including one supermarket) in Malaysia (43 stores), Vietnam (9 stores), Indonesia (14 stores) and Myanmar (1 stores) as at the Latest Practicable Date. As set out in the annual report of the Target Group for the year ended 30 June 2014 (the "**2014 Target Group Annual Report**"), over the last 25 years, the Target Group has built up a reputation as one of Southeast Asia's leading department store operator. In addition, the Target Group has recorded revenue and profit attributable to owners of the Target Company in excess of S$400 million and S$30 million for each of the years ended 30 June 2012, 2013 and 2014, respectively.

Based on the Target Group's published audited financial statements for the financial year ended 30 June 2015 (the "**2015 Target Group Financial Statements**"), the results announcement for the fourth quarter ended 30 June 2015 (the "**Q4 2015 Target Group Results Announcement**") and information provided by the Target Company management, we have set out the following:

(Approximate)	**Year ended 30 June 2015** *S$ million*	**Year ended 30 June 2014** *(restated)* *S$ million*	**Changes** *%*
Revenue	428.8	432.0	-0.7%
Net (loss)/profit attributable to owners of the Target Company (including non-recurring items)	(34.7)	34.4	>-100%
ADD: Non-Recurring Items (defined hereafter)	75.3	–	N/A
Adjusted for: Taxation and minority interests related to the Non-Recurring Items *(Source: Target Company management)*	(16.4)	–	N/A
Net profit attributable to owners of the Target Company (excluding Adjusted Non-Recurring Items, defined hereafter)	24.2	34.4	-29.7%

Based on the 2015 Target Group Financial Statements and the Q4 2015 Target Group Results Announcement, the aforesaid year-on-year movement in the financial results of the Target Company (including Non-Recurring Items (defined hereafter)) for the year ended 30 June 2015 was primarily attributable to a combination of (i) the losses attributable to new and closed stores of approximately S$12.6 million which is mainly attributable to stores located in Indonesia; and (ii) the non-recurring items including store closures costs such as a provision for contingent expenses[1] and fixed assets write-down, impairment of deposits due from managed-stores in Ho Chi Minh City after netting of gain on disposal of an associate amounted to approximately S$75.3 million for the year ended 30 June 2015 (the "**Non-Recurring**

1 As set out in the 2015 Target Group Financial Statements, contingent expenses of approximately S$64.7 million were provided in relation to the early-termination of a lease at Landmark 72, Hanoi by a subsidiary, Parkson Hanoi Co Ltd ("**PHCL**"). PHCL holds the operating license for the store at Landmark 72. These contingent expenses represent possible compensation payable by PHCL to the landlord of the Landmark 72 store for breach of terms of tenancy agreement. No legal action has been initiated by the landlord to seek such compensation as at the date of the financial statements for the year ended 30 June 2015 but PHCL has provided for this sum as a contingency and will contest any legal claim that may arise. This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. We also note from the 2015 Target Group Financial Statements, under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount then the maximum contingent expenses provided as at balance sheet date in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision.

Items"). As advised by the management of the Target Company, based on information available, the Non-Recurring Items after adjusting for estimated tax effects and relevant minority interests would amount to approximately S$58.9 million (the "**Adjusted Non-Recurring Items**").

The Management advised that they are attracted to the long term prospects of the underlying business of the Target Group and considers that short-term fluctuations in financial performance affected by non-recurring items should not be taken as factors with permanent adverse impact on the long term fundamentals of the Target Group. Consequently, in our analysis of the Consideration as set out in this letter below, we have also made reference to the net profit attributable to owners of the Target Company for the year ended 30 June 2015 of approximately S$24.2 million which has excluded the above-mentioned Adjusted Non-Recurring Items.

3. Background of the significant geographical markets covered by the Target Group

The existing markets of which the Target Group operates include (i) Malaysia; (ii) Indonesia; (iii) Vietnam; and (iv) Myanmar, each being a member of the Association of Southeast Asian Nations (i.e. ASEAN), which promotes economic growth and social progress within the region as well as the building and strengthening regional cooperation between the members. The following sets out the background and economic data of the respective markets.

Malaysia

Based on the information set out in the website of the Ministry of Finance of Malaysia (the "**Malaysia MoF**"), Malaysia's year-on-year growth in gross domestic product (the "**GDP**") of 2014 amounted to approximately 6.0% with the unemployment rate at approximately 3.1% as at 31 May 2015. As set out in the economic report 2014/2015 published by the Malaysia MoF, GDP is expected to sustain its growth momentum and expand at a steady pace between 5% and 6% in 2015 driven by the expected domestic demand.

Notwithstanding the above, the Malaysian Ringgit depreciated notably against the U.S. dollar in 2015. With reference to the quarterly update on the Malaysian economy for the first quarter of 2015 published by the Malaysia MoF, the ringgit's weak performance against the U.S. dollar was attributable to investors' concern over the impact of decreasing crude oil prices and the strengthening of the U.S. dollar on the back of the growth prospects of the U.S. economy as well as the expected forthcoming federal interest rate hikes. It was also noted that the implementation of the 6% Goods and Services Tax which was effective from 1 April 2015 may have an adverse impact on the Malaysia retail industry in the short to medium term. Leverage on the Target Company's leading market position and taking advantage of the current market consolidation opportunities, the Company has expanded its presence in Malaysia in 2015.

Having considered factors including the operating environment, the current economy, the downside risks, the expectation of an improvement in general government deficit and GDP growth rates, two reputable international rating agencies announced the credit outlook of Malaysia as "stable" in June and July 2015, respectively, while one other international rating agency view the credit outlook of Malaysia as "positive".

Indonesia

The Asia Development Bank estimated Indonesia's GDP growth to be in the region of 6.0% in fiscal year 2016. Indonesia has a large domestic market with an increasing urban population. It has an estimated total population in excess of 250 million.

The industrial sector, in particular, manufacturing and mining sub-sectors, remained to be one of the primary drivers of the Indonesia economy. Nonetheless, domestic consumption and tourism are also becoming increasingly important drivers of Indonesia's GDP. The Ministry of Tourism of Indonesia aims to increase tourism's contribution to the country's GDP from 9% in 2014 to 15% by 2019.

The Indonesia Rupiah has also depreciated against the U.S. dollar in the first six months of 2015 on the back of the decreasing crude oil prices and strengthening of the U.S. dollar.

Vietnam

Based on an article published on the website of the Ministry of Finance of Vietnam (the "**Vietnam MoF**"), Vietnam's GDP growth is expected to be in the region of 6% in 2015 driven by improvement in consumption and private investment. Strong growth is also expected in the following sectors in 2015 including real estate; construction materials and services; consumption services; consumer products; and agro-forestry products.

Vietnam has an estimated population of approximately 90 million with a relatively young demographic profile coupled with rising income levels and increasing urban population.

Like the Malaysian Ringgit and the Indonesia Rupiah described above, the Vietnamese Dong has also depreciated against the U.S. dollar in the first six months of 2015.

Myanmar

The Asia Development Bank estimated Myanmar's GDP growth to be in the region of 8.3% in fiscal year 2016, attributable to the expected strong expansion in the construction, manufacturing and services sectors. It was also noted that the government's structural reform program has underpinned the strong growth performance in recent years.

According to the results of the 2014 census, Myanmar has an estimated population of approximately 50 million with a relatively young demographic profile.

The Myanmar Kyat has depreciated against the U.S. dollar in the first six months of 2015, primarily driven by the global strengthening of the U.S dollar and a widening current account deficit.

Overall

We have discussed with the Management and they consider that the countries covered by the Target Group offer promising growth potential as they are emerging economies with comparatively younger population profile than the PRC. We also note that both Malaysia and

Vietnam are participating countries in twelve countries of "The Trans-Pacific Partnership" negotiations led by the United States. If successfully concluded, The Transfer-Pacific Partnership is expected to lead to the phasing out/removal of trade tariffs, thus potentially boost investment flows and economic growth of the participating countries in the long term.

The Management considers that the Acquisition to have long-term strategic merits in that it would allow the Group to lessen its current dependence in the PRC market which is exhibiting signs of economic slowdown, and more intense competition from existing and the newer and potent online market entrants.

The Acquisition also represents an unique opportunity for the Group to acquire an established regional business characterised by its critical mass and business compatibility with the Group, and would allow the Group to extend its footprint and market leadership across the new markets with relative ease in management and operation integration.

Both the Company and the Target Company have currency exposure in the respective countries they operate in. The Company's department stores are all located in the PRC and its revenue is in RMB. RMB has depreciated in the region of 4% against the U.S. dollars since 1 September 2014 (up to and including the Latest Practicable Date) and the market largely expects that the RMB devaluation trend, under pressures from the slowdown of manufacturing activities as well as other economic factors, would continue for some time.

The devaluation of the RMB also has effects on regional countries. The Target Group's revenue is denominated in the respective local currencies of the countries that it operates in and accounted for, and translated into Singapore dollars for reporting purposes in the Target's financial statements and the Target's shares are traded in Singapore dollars on the Singapore Stock Exchange.

The Management advised that they consider the determination of the Consideration with reference to the Target Company's share price is a fair basis as the share price represents a reflect of the market's valuation of the fundamentals, risks and the prospects of the Target Group's underlying businesses, including its currencies exposures. From their perspective, the Acquisition provides an opportunity for the Company to lessen its dependence and exposure on the matured PRC market and currency, while acknowledging the Target Group is subject to the relevant risks of the relevant markets, which the Company will assume and has the responsibility to manage.

Additional information including risk factors in relation to the Acquisition and the business of the Target Group has been set out in the Letter from the Board.

4. Reasons for and expected benefits of the Acquisition

4.1 Diversification from the PRC market via expansion of the Group's retail portfolio

As set out in the 2014 Annual Report, the Group has recorded a year-on-year decrease in profit attributable to owners of the Company for three consecutive financial years since 2012. The net profit attributable to owners of the Company has decreased from approximately

RMB1,122.9 million for the year ended 31 December 2011 to approximately RMB235.0 million for the year ended 31 December 2014, representing a cumulative decrease of approximately 79.1%. More recently, for the six months ended 30 June 2015, the Group recorded a loss attributable to owners of the Company of approximately RMB23.3 million. The Management advised that the underperformance of the Group is mainly attributable to weakening consumer demand from a slowdown in the PRC retail market and competition from online retailers.

The Group's network of department stores is primarily situated in PRC tier-one cities which remained competitive. In 2014, the Group incurred one-off provisions of approximately RMB105.1 million in relation to the closure of four under-performing stores and pursued a cautious approach to store opening and sought opportunities in second tier PRC cities. Furthermore, the Management expects that the correction in the Chinese stock markets since June 2015 will adversely affect the PRC retail industry to some extent.

Accordingly, the Management considers that it is strategically sensible to undertake the Acquisition which would allow the Group to significantly expand its core business in retailing and diversify into high growth Southeast Asian markets of the Target Group, establish an immediate foothold in the region and reduce the Group's overall exposure to the PRC retail market in the long run.

4.2 Established history of the Target Group

The shares of the Target Company have been listed on the main board of the SGX-ST since 3 November 2011. The Target Group has established a sizable operation with a department store network comprised 67 stores (including 1 supermarket) in Malaysia, Vietnam, Indonesia and Myanmar with approximately 797,000 sq.m. of gross floor area as set out in the Letter from the Board.

The Parkson stores have been operating in Malaysia and Vietnam for over the last 25 years and 10 years respectively. The Target Group has built up a reputation as one of Southeast Asia's leading department store operator. In Malaysia and Vietnam, the "Parkson" brand and in Indonesia, the "Centro" brand, are positioned to cater to consumers in the middle and upper-middle income segment of the retail market, with a focus on fashion and lifestyle products aimed at a young, contemporary market.

The Management believes that the Target Group is one of the preferred points of entry for international brands planning to enter the Southeast Asia region, in particular, the Malaysian and Vietnamese retail markets via department stores because of the strength and market prominence of the "Parkson" brand as supported by the Target Group's extensive store network. The Acquisition would therefore transform the Group from a PRC focused department stores business into one of the leading pan-Asian department store retailers.

In addition, the Target Group has recorded revenue and profit attributable to owners of the Target Company in excess of S$400 million and S$30.0 million for each of the years ended 30 June 2012, 2013 and 2014, respectively. For the year ended 30 June 2015, the Target Group recorded revenue of approximately S$428.8 million and unaudited profit attributable to owners of the Target Company of approximately S$24.2 million (excluding Adjusted Non-Recurring Items).

4.3 Improve economies of scales, other operating benefits and post deal integration

The Acquisition would more than double the existing store numbers of the Group. The Management believes that the combined business should give rise to business synergies in many areas including stronger purchasing power, streamlining opportunities in manpower utilisation and cost savings. As both the Group and the Target Group have similar business models, the Management is of the view that post-Acquisition integration should be relatively straightforward. No significant re-branding is envisaged post-Acquisition as both the stores of the Group and the Target Group (save for Indonesia which is traded under the "Centro" brand) are principally traded under the Parkson brand.

The Management also considers that as both the management and staff of the Company and the Target Company have operated under common majority ownership of PHB, they all shared the same kindred spirit and common values in management style, business philosophy, loyalty and commitments, which are important elements to engender integration and coherence of the combined group.

4.4 Experienced senior management team of the Target Group

The Management advised that the Target Group's core senior management team has over 20 years of experience, on average, in the department store industry, which includes members who were instrumental in the development, management and growth of the existing department store network of the Target Group. Such experience and knowledge in the department store industry are key contributing factors for the Target Group's achievement to date and shall continue to benefit the Target Group post-Acquisition. We understand from the Management that the Target Group's management team has considerable and proven experience in managing the operational and logistical challenges in the Target Group's respective operating geographies as well as a deep understanding of the product needs and preferences of local consumers which is crucial and key to enable the Target Group to develop an appropriate brand and product mix for each of the stores.

4.5 Effective utilisation of cash resources

The Acquisition provides an opportunity for the Group to re-deploy its substantial but low yielding cash and liquid resources balance into an investment in the Target Group which historically generated a significantly higher return. To illustrate this, (i) for the year ended 31 December 2014, the Group recorded bank interest income of approximately RMB170.4 million, which represents a return on the average aggregate cash balance[2] of approximately 3.5%; and (ii) for the six months ended 30 June 2015, the Group recorded unaudited bank interest income of approximately RMB76.9 million, which represents a return on the average aggregate cash balance[2] of approximately 1.7%. For the year ended 30 June 2015, the Target Group recorded an unaudited consolidated net profit attributable to its owners of approximately S$24.2 million (excluding Adjusted Non-Recurring Items) represents approximately 7.2% over the implied valuation of the Target Group based on the Consideration.

2 Aggregate cash balance is calculated based on the sum of (i) cash and cash equivalents; (ii) time deposits; and (iii) investment in principal guaranteed deposits.

Shareholders should also note that the Target Group has minimal borrowings of S$0.7 million and cash and short-term deposits balance of approximately S$126.7 million as at 30 June 2015. Upon the Completion, the Company will consolidate the assets and liabilities including the cash and short-term deposits balance of the Target Group into the consolidated financial statements of the Group.

5. Analysis on the Consideration

Pursuant to the Agreement, Oroleon (as purchaser) has conditionally agreed to acquire, and East Crest has conditionally agreed to dispose, the Sale Shares, representing 67.6% of the entire issued share capital of the Target Company, for a consideration of S$228,508,716.70 (which is equivalent to approximately HK$1,313,742,314), which shall be satisfied by cash at Completion. As set out in the Letter from the Board, on 8 September 2015, the Company, East Crest, PHB and Oroleon entered into a side letter allowing East Crest, as the vendor, to elect to receive the Consideration in United States dollars based on the prevailing S$:US$ exchange rate used by Oroleon's paying bank at Completion, by giving its written notice of election to Oroleon not less than five business days prior to Completion.

Completion is conditional upon the fulfillment or waiver of, as the case may be, the Conditions Precedent as set out in the Letter from the Board. In addition, other major terms and conditions of the Agreement, including those related to guarantee and completion, have been set out under the paragraph headed "The Agreement" in the Letter from the Board.

As set out in the Letter from the Board, the Consideration was determined after arm's length negotiations between East Crest and Oroleon on normal commercial terms with reference to the one-month VWAP of the Target Company between 7 June 2015 to 6 July 2015 of approximately S$0.499 (being the consideration per Sale Share), representing approximately 6.2% premium to the closing share price of the Target Company of S$0.470 on 14 July 2015 (the "**Last Trading Day**").

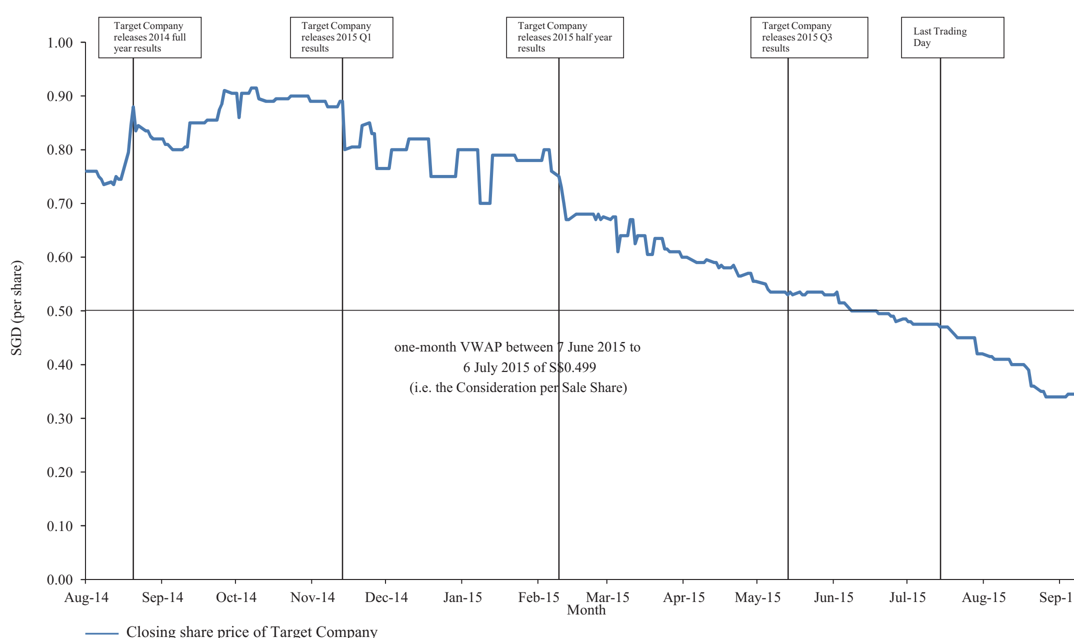
As the Sale Shares represent a majority shareholding in the Target Company, the Management believes that the modest premium attributable to the Consideration is at an attractive level to the Company for the acquisition of a controlling stake in the Target Company.

5.1 *Share price performance of the Company and the Target Company*

(a) Target Company Shares price performance analysis

We have reviewed and analysed the closing prices of the Target Company Shares over (i) the 12 months period prior to the Last Trading Day commencing on 1 August 2014 up to and including the Last Trading Day (the "**First Review Period**"); and (ii) the period post the First Review Period and up to the Latest Practicable Date (the "**Second Review Period**", together with the First Review Period, the "**Review Period**") below:

Chart A: Daily closing price of the Target Company Shares during the Review Period



The closing price of Target Company Shares from 1 August 2014 to 31 October 2014 was in the range of S$0.735 to S$0.915 per share (being the highest closing price during the First Review Period). The first quarter results for the three months ended 30 September 2014 were announced on 13 November 2014 and on that date the closing price of Target Company Shares was S$0.890 per share. The half year results for the six months ended 31 December 2014 (the "**FY15 Half Year Results**") were announced on 9 February 2015 and on that date the closing price of Target Company Shares was S$0.750 per share. During the aforesaid period commenced on the announcement of the first quarter results and ending on the announcement of the FY15 Half Year Results, the closing price of the Target Company Shares was in the range of S$0.700 to S$0.890 per share.

Since the publication of the FY15 Half Year Results which set out a decrease in net profit attributable to owners of the Target Company for reasons as set out under paragraph headed "2.2. Background of the Target Group", the closing price of the Target Company Shares experienced a downward trend up to the Last Trading Day which closed at S$0.470 per share.

Over the First Review Period, the closing price of the Target Company Shares was in the range of S$0.470 to S$0.915 per share. The closing price of the Target Company Shares on 1 August 2014 and 14 July 2015 (i.e. the Last Trading Day) was S$0.760 and S$0.470 per share, respectively. Such represents a decrease of approximately 38.2% over the First Review Period.

Notwithstanding that as at the date of the Agreement, the performance of the Target Company Share price subsequent to such date was not available at the time. For information purposes only, over the Second Review Period, the closing price of the Target Company Shares was in the range of S$0.33 to S$0.47 per share. The closing price of the Target Company Shares on 15 July 2015 and 10 September 2015 (i.e. the last trading day immediately prior the Latest Practicable Date) was S$0.47 and S$0.33 per share, respectively. Such represents a decrease of approximately 29.8% over the Second Review Period.

(b) Target Company trading volume analysis

Further to the above analysis, we have also reviewed the trading volume and liquidity of the Target Company Shares during Review Period, details of which are set out in Table B below.

Table B: Historical trading volume and daily trading liquidity

Month	**Average daily trading volume (Target Company Shares) approximate**	**Daily trading liquidity of public float (the "Public Float")** *(Note 1)* **approximate** *(%)*
2015		
September *(Note 2)*	22,263	0.01
August	69,184	0.03
July	8,082	<0.01
June	101,976	0.05
May	106,765	0.05
April	40,162	0.02
March	31,932	0.01
February	53,600	0.02
January	806,286	0.37
2014		
December	69,595	0.03
November	87,750	0.04
October	71,091	0.03
September	212,091	0.10
August	164,048	0.07
Average	137,459	0.06

Source: Bloomberg

Notes:

(1) Daily trading liquidity is calculated based on average daily trading volume divided by 219.4 million Target Company Shares of public float (the "***Public Float***") (calculated by the total number of issued Target Company Shares of approximately 677.3 million (as set out in the FY15 Half Year Results announcement) less approximately 457.9 million Target Company Shares held by East Crest as at the Latest Practicable Date)

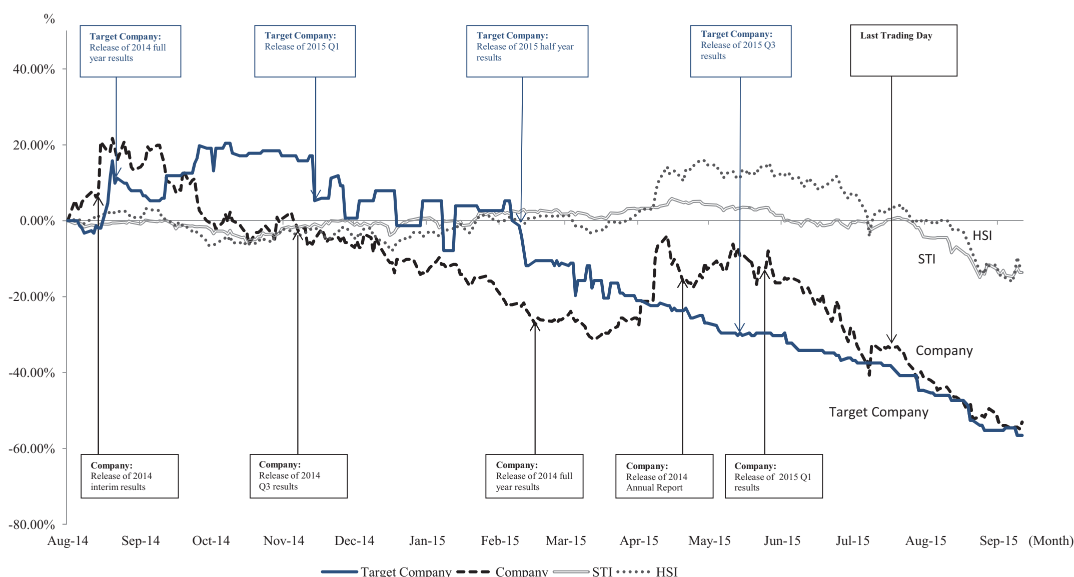
(2) from 1 August 2015 up to and including the Latest Practicable Date

As set out in Table B, (i) the highest and lowest average daily trading volume during the Review Period of approximately 0.8 million Target Company shares in January 2015 and less than 0.01 million Target Company shares in March 2015, represents approximately 0.37% and less than 0.01% of the Public Float[3] of 219.4 million Target Company Shares, respectively; and (ii) the average daily trading volume during the Review Period of approximately 0.1 million shares represents approximately 0.06% of the Public Float.

(c) Relative share price performance analysis

In addition to the analysis above, we have set out in Chart B below the movements of the respective share price of the Company and the Target Company relative to the movements of the Hang Seng Index ("**HSI**") and the Strait Times Index ("**STI**") since 1 August 2014 up to and including the Latest Practicable Date.

Chart C: Share price performance of the Company and the Target Company and index performance of the STI and HSI (Note 1)



3 Public float is calculated by the total number of issued Target Company Shares of approximately 677.3 million (as set out in the FY15 Half Year Results announcement) less approximately 457.9 million Target Company Shares held by East Crest as at the Latest Practicable Date.

Both the share prices of the Company and the Target Company have underperformed their respective stock market. In the case of the Company, its share price increased in early April 2015 along with the spike of the Hong Kong market following the launch of the Shanghai/Hong Kong stock connectivity scheme and the rise of the A Shares market in the PRC. The share price of the Company resumed its decline in early June following the announcement of the Company's unaudited financial results for the three months ended 31 March 2015.

Based on the above, it appears that the share price trend and movement of the Target Company during the Review Period were in line with the Target Group's financial performance, thus providing a fair benchmark value ascribed by the SGX-ST upon which it is reasonable for the Consideration to be based upon.

Shareholders should note that the information set out above is not an indicator of the future performance of the Target Company Shares and that the price of Target Company Shares, may increase or decrease from its closing price as at the Last Trading Day.

Notwithstanding the above, our analysis is not solely dependent on the performance of the share price of the Target Company. The Acquisition is also evaluated based on the long-term strategic merits and benefits of the Acquisition and the ascribed valuation under the Consideration with reference to the valuation analysis as set out in the sections below.

5.2 Target Group price-to-earnings ("PER") and price-to-book ratio (the "P/B ratio") comparisons

Based on the 2015 Target Group Financial Statements and information provided by the Target Company management, the financial results attributable to the owners of the Target Company amounted to (i) approximately S$34.7 million loss (including Non-Recurring Items); and (ii) approximately S$24.2 million profit (excluding Adjusted Non-Recurring Items). On this basis, the implied PER[4] is calculated to be approximately 14.0 times excluding Adjusted Non-Recurring Items (i.e. S$228.5 million/67.6% = S$338.0 million (implied valuation of 100% of Target Company based on the Consideration)/S$24.2 million = 14.0 times).

Based on the 2015 Target Group Financial Statements, the equity attributable to the owners of the Target Company amounted to approximately S$148.0 million. On this basis, the implied P/B ratio is calculated to be approximately 2.3 times (i.e. S$228.5 million/67.6% = S$338.0 million (implied valuation of 100% of Target Company based on the Consideration)/S$148.0 million = 2.3 times).

4 As the Target Group recorded loss attributable to owners of the Target Company (including Non-Recurring Items), a PER ratio has not been calculated in this respect.

Having considered that the shares of the Target Company are listed on the SGX-ST and a majority of its revenue for the most recent full financial year was derived from its department store business in Malaysia, we have attempted to identify comparable companies which satisfied the aforesaid criteria. However, as no comparable company with the aforesaid criteria was identified, we expanded our criteria to include companies with the following characteristics (i) the shares of which are listed on either the SGX-ST or the Malaysia Stock Exchange or Indonesia Stock Exchange or Vietnam Stock Exchange; (ii) a significant portion of its revenue was derived from its retail business in Malaysia, Indonesia, Vietnam or a combination of the aforesaid countries as per the most recent full year financial statements available as the Last Trading Day; and (iii) revenue for the most recent full financial year of not less than S$300 million (together the "**Criteria**"). Based on the Criteria, we have identified, to the best of our knowledge, seven listed companies (the "**Comparable Companies**").

The following table sets out (i) the PER and the P/B ratio of the Target Group based on the Consideration; and (ii) the price-to-earnings attributable to owners of the company (the "**P/E ratio**") and the P/B ratio of the Comparable Companies based on the respective closing share price for comparison purposes.

Table D: Comparison of the Comparable Companies

Company name (ticker)	**Market Capitalisation as at the Last Trading Day** *(note 1)*	**P/E ratio** *(note 2)* **(approximate)**	**P/B ratio** *(note 3)* **(approximate)**	**Geographical presence**
Aeon Co M Bhd ("**Aeon**") (AEON:MK)	MYR4,268 million (equivalent to HK$8,699 million)	20.1 times *(Note 4)*	2.4 times	As at 31 December 2014, the company had approximately 33 stores, all located in Malaysia
Padini Holdings Bhd ("**Padini**") (PAD:MK)	MYR855 million (equivalent to HK$1,743 million)	9.4 times *(Note 4)*	2.2 times	As at 30 June 2014 the company had 330 stores (including freestanding stores, franchised outlets and consignment counters), of which 281 were located Malaysia
The Store Corporation Berhad ("**The Store Corporation**")	MYR189 million (equivalent to HK$385 million)	9.3 times *(Note 4)*	0.4 times	As at 30 September 2014, Store Corporation has 74 outlets in 12 states in Malaysia

Company name (ticker)	**Market Capitalisation as at the Last Trading Day** *(note 1)*	**P/E ratio** *(note 2)* **(approximate)**	**P/B ratio** *(note 3)* **(approximate)**	**Geographical presence**
Ramayana Lestari Sentosa Tbk PT ("**Ramayana**") (RALS:IJ)	IDR4,789,800 million (equivalent to HK$2,782 million)	13.5 times *(Note 4)*	1.4 times	As at 31 December 2014, the company had approximately 116 stores, all located in Indonesia
Matahari Department Store Tbk PT ("**Matahari**") (LPPF:IJ)	IDR51,363,382 million (equivalent to HK$29,831 million)	36.2 times (including non-recurring items) and 35.9 times (excluding non-recurring items)	289.2 times *(Note 5)*	As at 31 December 2014, the company had approximately 135 stores, all located in Indonesia
Mitra Adiperkasa Tbk PT ("**Mitra**") (MAPI:IJ)	IDR8,590,500 million (equivalent to HK$4,989 million)	117.3 times *(Note 6)*	3.4 times	As at 31 December 2014 the company had approximately 1,800 stores across various cities in Indonesia
FJ Benjamin Holdings Ltd ("**FJ Benjamin**") (FJB:SP)	S$58 million (equivalent to HK$329 million)	N/A *(loss making)* *(Note 4)*	0.6 times	As at 30 June 2014 the company operated 226 stores, with 73 located in Malaysia and 112 located Indonesia
Maximum		35.9 times *(Note 6)*	3.4 times *(Note 5)*	
Minimum		9.3 times	0.4 times	
Average		17.6 times *(Note 6)*	1.7 times *(Note 5)*	

Company name (ticker)	Market Capitalisation as at the Last Trading Day *(note 1)*	P/E ratio *(note 2)* (approximate)	P/B ratio *(note 3)* (approximate)	Geographical presence
Target Group	S$318 million (equivalent to HK$1,805 million)	14.0 times (excluding Adjusted Non-Recurring Items) *(under the Acquisition)* *(Note 7)*	2.3 times *(under the Acquisition)*	As at 15 July 2015, the Target Group has a department store network comprised 67 stores (including one supermarket) in Malaysia, Vietnam, Indonesia and Myanmar, majority of which are located in Malaysia
The Company	HK$4,088 million	13.9 times	0.6 times	A network of 60 stores across 36 cities in the PRC
PHB	MYR1,521 million (equivalent to HK$3,095 million)	10.9 times	0.6 times	The controlling shareholder of the Target Group and the Group, please refer to the above for their respective geographical presence

Notes:

(1) For the purpose of the analysis set out under Table D, MYR has been converted to HK$ at the rate of MYR0.49065 = HK$1.00, IDR has been converted to HK$ at the rate of IDR1721.8 = HK$1.00 and S$ has been converted to HK$ at the rate of S$0.17618 = HK$1.00 for illustration purpose only. No representation is made that any amounts in MYR, IDR, S$ or HK$ have been, could have been or could be converted at the above rate or at any other rates or at all.

(2) PER ratio is calculated based on the profit for the year attributable to the owners for the latest completed financial year divided by the market capitalisation as at the Last Trading Day. A PER ratio excluding only non-recurring items as specified in the respective annual report (if any) is also calculated.

(3) P/B ratio is calculated based on the equity attributable to the owners as at the year end of the latest completed financial year divided by the market capitalisation as at the Last Trading Day.

(4) No non-recurring items specified in the relevant annual report.

(5) Given the P/B ratio of Matahari is notably higher than the rest of the Comparable Companies, such P/B ratio was excluded from the analysis under Table D above.

(6) Given the PER ratio of Mitra is notably higher than the rest of the Comparable Companies, such PER ratio was excluded from the analysis under Table D above. The maximum, minimum and average PER ratio of the Comparable Companies are based PER ratios excluding non-recurring items.

(7) As the Target Group recorded loss attributable to owners of the Target Company (including Non-Recurring Items), a PER ratio has not been calculated in this respect.

Source: Bloomberg, published annual reports and websites of comparable companies

Out of the seven Comparable Companies identified, only Aeon, Padini and The Store Corporation derived a majority of their revenue from Malaysia, which is where the Target Group also derived a majority of its revenue from. Of these aforesaid companies, we noted that Aeon is notably larger in terms of market capitalisation while both Padini and Store Corporation have a different operating business model from the Target Group. Padini primarily focuses in freestanding stores, franchised outlets and consignment counters and The Store Corporation focuses in the operations of both department stores and supermarkets. The other four remaining Comparables Companies, namely Matahari, Ramayana, Mitra and FJ Benjamin, have a stronger presence in terms of store numbers in Indonesia than the other geographies they respectively operates in (if any). As set out in the 2015 Target Group Financial Statements, Indonesia is the second largest segment of the Target Group in terms of store number as well as the second largest revenue contributor of the Target Group's revenue after Malaysia for the year ended 30 June 2015.

As set out from the table above, (i) the PER ratio of the Comparable Companies (excluding non-recurring items) ranged from approximately 9.3 times to 35.9 times with an average of 17.6 times; and (ii) the P/B ratio of the Comparable Companies ranged from approximately 0.4 times to 3.5 times with an average of 1.7 times. On this basis, the Acquisition's PER of approximately 14.0 times (excluding Adjusted Non-Recurring Items) is within range and below average of the PER ratio of the Comparable Companies. As for the Acquisition's P/B ratio of approximately 2.3 times, such is higher than the average but within range of the P/B ratio of the Comparable Companies. Notwithstanding the above, the Management advised that set out in the 2015 Target Company Financial Statements is a post balance sheet event which occurred in August 2015 (the "**Post Balance Sheet Event**") in relation to the completion of a capital assignment transaction, whereby the equity attributable to owners of the Target Company would increase by approximately S$46.9 million to approximately S$194.9 million, taking into account no other changes to the equity attributable to owners of the Target Company since 30 June 2015. On this basis, the Acquisition's P/B ratio would reduce to approximately 1.7 times.

In addition, we have conducted further research and identified two other listed companies in addition to the Comparable Companies, each of which also engages in the retail business via the operation of stores in the Southeast Asia region which is similar to the Target Company's principal activities. However, they did not satisfy all of the Criteria set out above as their operations are prominently located in Thailand and the Philippines respectively, neither of which overlaps with the principal operating countries of the Target Group (i.e. Malaysia, Indonesia and Vietnam). Hence we have not included them under the analysis on Comparable Companies. These two listed companies are Robinson Department Store Public Company Limited (the "**Robinson Department Store**") and Robinson Retail Holdings Inc. (the "**Robinson Retail**"), for information purposes only, their respective PER is approximately 26.4 times and 28.0 times, and their respective P/B ratio is approximately 4.1 times and 2.5 times are higher than the PER (excluding Adjusted Non-Recurring Items) and the P/B ratio under the Acquisition respectively. On this basis, we considered the PER under the Acquisition of approximately 14.0 times (excluding Adjusted Non-Recurring Items) and the P/B ratio under the Acquisition of approximately 2.3 times (not taking into account the Post Balance Sheet Event) and approximately 1.7 times (after taking into account the Post Balance Sheet Event) to be reasonable.

In addition, for reference only, we have also compared the PER and P/B of the Acquisition against that of the Company and PHB as at the Last Trading Day. The PER ratio of the Acquisition (excluding Adjusted Non-Recurring Items) is approximately 14.0 times which is at a similar level to the Company's PER of approximately 13.9 times but higher than PHB's PER of approximately 10.9 times.

The valuation of the Target Company based on the Consideration would implied a P/B ratio of approximately 2.3 times which is higher than the trading P/B ratio of approximately 0.6 times of the Company and PHB, respectively. However, we also note that the Company carries a substantial higher amount of intangible assets (principally in goodwill) of approximately RMB2.16 billion as at 31 December 2014. We understand the Group and PHB has recorded a substantial amount of goodwill on its financial statements in relation to prior acquisitions made by the Group, whereas the Target Group has largely grown via organic expansion. As such, we have also excluded the respective intangible assets of the Company, PHB and the Target Company for the calculation of the net tangible asset value (the "**NTAV**") and noted that the relative Price/NTAV of the Company and of the Target Company (based on Consideration) would be narrowed to approximately 1.0 time, 1.2 times and 2.4 times, respectively.

Having considered the above analysis, in particular, (i) the Acquisition's PER of approximately 14.0 times (excluding Adjusted Non-Recurring Items) is within range and below the average PER ratio of the Comparable Companies; and (ii) the P/B ratio under the Acquisition of approximately 2.3 times is within range of the P/B ratio of the Comparable Companies as shown in Table D, we concur with the Management that the Acquisition's PER and P/B ratio to be reasonable.

5.3 Comparative return on capital employed

Set out in Table E below are comparisons of the historical rates of return on capital (the "**ROCE**") of the Company and the Target Company, and the implied return based on the valuation attributable to the Consideration.

Based on information as set out in the 2014 Annual Report and the 2015 Target Company Financial Statements, (i) the ROCE of the Group (calculated by net profit attributable to owners of the company/average of total equity at the beginning and end of the subject financial year) is approximately 6.3% and 4.2% for the year ended 31 December 2013 and 2014, respectively; and (ii) the ROCE of the Target Group (calculated by net profit attributable to owners of the company (excluding the Adjusted Non-Recurring Items)/implied valuation of the Target Group based on the Consideration) of the Group is approximately 9.8% for the year ended 30 June 2014, and approximately 7.2% for the year ended 30 June 2015, respectively.

Table E: ROCE of the Group and the Target Group

The Group

	For the year ended 31 December 2013 *RMB' million*	**For the year ended 31 December 2014** *RMB' million*
Profit attributable to owners	353.6 *(Note)*	235.0 *(Note)*
Average equity attributable to owners	5,590.6	5,592.1
ROCE of the Group	6.3%	4.2%

Note: No items in the 2014 Annual Report have been specified as "non-recurring items", however we noted that the Group has recorded store closure provision of approximately RMB87.1 million and RMB105.1 million for the year ended 31 December 2013 and 2014, respectively. On this basis, the ROCE of the Group (excluding the aforesaid provisions) would increase to approximately 7.9% and 6.1%, respectively.

The Target Group

	For the year ended 30 June 2014 (restated) *S$' million*	**For the year ended 30 June 2015** *S$' million*
Profit attributable to owners	34.4 (no non-recurring items was specified)	24.2 (excluding Adjusted Non-Recurring Items) *(Note)*
Implied valuation of the Target Group (i.e. Consideration/67.6%)	338.0	338.0
ROCE of the Target Group	9.8%	7.2% (excluding Adjusted Non-Recurring Items) *(Note)*

Note: As short-term fluctuations in financial performance affected by Adjusted Non-Recurring Items should not be taken as factors with permanent adverse impact on the long term fundamentals of the Target Group. On this basis, the Target Group's ROCE has only been calculated based on unaudited profit attributable to owners of the Target Company (excluding Adjusted Non-Recurring Items).

Based on the above, the Target Company is delivering higher return on equity (excluding Adjusted Non-Recurring Items) than that of the Company for the most recent two completed financial years, which implied that on a historical comparison basis, the Acquisition would be earnings accretive to the Company. As set out earlier, the Acquisition is proposed to be financed by the Group's substantial cash and liquidity resources, which is currently yielding a significant lower return than the historical ROCE of the Target Company.

5.4 Conclusion

Having considered our analysis of the Target Company's share price history, the comparison of the trading multiples of the identified Comparable Companies and the ROCE analysis, we concur with the view of the Management that the Consideration of the Sale Shares is fair and reasonable.

6. Expected financial effects of the Acquisition

Earnings

Upon Completion, Target Company will become a non-wholly owned subsidiary of the Company, and the financial results of the Target Group will be consolidated into the consolidated financial statements of the Group after Completion.

Net asset value

On the basis that Target Company becomes a non-wholly owned subsidiary of the Company upon Completion, all assets and liabilities of the Target Group will be consolidated into that of the Group.

Based on the unaudited pro forma financial position of the Enlarged Group as set out in Appendix III to the Circular, which illustrates the effect of the Acquisition on the Group's financial position as at 30 June 2015 as if the Completion had taken place on 30 June 2015, the net asset value of the Enlarged Group will increase from approximately RMB5,573.6 million to approximately RMB5,765.6 million.

Management has confirmed that as with its other past acquisitions, the goodwill attributable to the Acquisition will be subject to the impairment tests in accordance with the Company's accounting policies.

Shareholders should note that the actual impact on the net asset value of the Enlarged Group will be subject to change of the carrying values of assets and liabilities of the Target Group as of the date on which Completion shall take place.

Cashflow

As the Consideration will be settled in cash, the cash and cash equivalent balance of the Group will be reduced by the Consideration and any related transaction costs according to the respective payment schedules.

We note from the 2015 Target Group Financial Statements, the Target Group has cash and short-term deposits amounted to approximately S$126.7 million. Upon Completion, the Company will consolidate the assets and liabilities including the cash and short-term deposits balance of the Target Group into the consolidated financial statements of the Group.

Shareholders should note that the actual financial effects as a result of the Acquisition to be recorded by the Group is subject to audit and will depend on, among others, the net asset value of the Target Group as at the date of Completion.

7. Reconfirmation sought from the Management

Having performed our foregoing analysis and having regard to the decline in the Target Company's share price and the Malaysian Ringgit currency rate since the date of the Agreement, we have sought the Management's view on these developments and they have confirmed their view as follows:

- the Company has evaluated and remains of the view that the Acquisition's PER (excluding Adjusted Non-Recurring Items) as calculated by reference to the Consideration under Table C above is within range and below the average PER of the Comparable Companies;

- the Group's current business is entirely in the PRC and is highly exposed to the fluctuation of Renminbi. On the other hand, the Target Group operates in regions with vibrant economies, which offer exposure to high growth in the ASEAN region;

- whilst the Malaysian Ringgit has depreciated in the recent months owing to ongoing political uncertainty, the Management continues to believe in the long term prospects of the Malaysian economy and in particular the Malaysian retail sector;

- with the Acquisition, the Group expects to diversify its business and currency exposure outside of the PRC and into the Southeast Asia region. Given that the Target Company operates in a similar retail format to the Company, the Group will be able to (i) realise economies of scales across Asia when negotiating with suppliers for better terms; and (ii) capitalise on the retailing experience of the Target Company to complement the Group's knowledge of the Chinese consumer market.

Accordingly, the Management adheres to and reiterates their belief that the Consideration to be fair and reasonable to the Company and the Shareholders as a whole. We are of the view that the Management's reconfirmation as set out above is consistent with the views expressed in our analysis set forth in this letter.

IV. RECOMMENDATION

In consideration of our analysis and discussions as set out in this letter and having regard to:

- the strategic merits underlying the Acquisition and the expected benefits;

- the pricing of the Consideration as compared with the Target Company's share price performance prior to the Agreement and the valuation comparison with other peer companies;

- the relative returns on capital achieved by the Company, the recent earning yield history of the Target Company, and the Group's return on its cash and liquid resources;

- the factors as set out under paragraph headed "7. Reconfirmation sought from the Management" in this letter,

we conclude that the Acquisition is not being entered into in the ordinary and usual course of business but on normal commercial terms which are fair and reasonable, and the implementation of Acquisition be in the interest of the Company and the Shareholders as a whole. Accordingly, we recommend the Independent Shareholders, as well as the Independent Board Committee to advise the Independent Shareholders, to vote in favour of the resolution to approve the Acquisition at the EGM.

Yours faithfully
For and on behalf of
Investec Capital Asia Limited
Lewis Lai
Director
Corporate Finance

Mr. Lewis Lai is a licensed person registered with the Securities and Futures Commission and a responsible officer of Investec Capital Asia Limited. He has over eight years of experience in the corporate finance industry.

1. FINANCIAL INFORMATION OF THE GROUP

The financial information of the Group for the three financial years ended 31 December 2014 is disclosed in the annual reports of the Group published respectively on 15 April 2013, 11 April 2014 and 21 April 2015, all of which have been published on the website of the Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and of the Company (www.parksongroup.com.cn).

2. STATEMENT OF INDEBTEDNESS

As at the close of business on 31 July 2015, being the latest practicable date for the purpose of this indebtedness statement prior to the printing of this circular, the Enlarged Group had outstanding interest-bearing bank loans of approximately RMB796,109,000 and Bonds of approximately RMB3,037,685,000, details of which are set out as follows:

i. Bank loans

As at 31 July 2015, the Enlarged Group had secured interest-bearing bank loans of approximately RMB796,109,000.

ii. Bonds

On 3 May 2013, the Company issued the 4.5% bonds due 2018 (the "Bonds") with an aggregate principal amount of US$500 million, which we listed in the Stock Exchange. The net proceeds excluding direct transaction costs were US$494.3 million (equivalent to approximately RMB3,070,295,000). The Bonds bear a fixed coupon at 4.5% per annum, payable semi-annually in arrears on 3 May and 3 November in each year and commencing on 3 November 2013. The maturity date is 3 May 2018.

Save as disclosed above and apart from intra-group liabilities, the Enlarged Group did not have any other outstanding loans, mortgages, charges, debentures, loan capital and bank overdrafts or other similar indebtedness, financial leases or hire purchase commitment, liabilities under acceptances (other than normal trade and other payables), or acceptance credits, or any guarantees or other material contingent liabilities at the close of business on 30 June 2015.

3. WORKING CAPITAL

The Directors are of the opinion that, after taking into account the completion of the transaction as mentioned in this circular and the financial resources available to the Enlarged Group (including but not limited to internally generated funds, cash and cash equivalents, and the external facilities from banks and financial institutions), the Enlarged Group has sufficient working capital for its present requirements, that is for at least the next 12 months from the date of this circular.

1. DIFFERENCES BETWEEN ACCOUNTING POLICIES ADOPTED BY THE GROUP AND THE TARGET GROUP

As described in the section entitled "Letter from the Board – Waivers from Strict Compliance with Rule 14.67(6)(a)(i) and Chapter 4 of the Listing Rules", the Company has applied to the Hong Kong Stock Exchange for, and been granted, a waiver from the requirement to produce an accountants' report on the Target Group with Rule 14.67(6)(a)(i) of the Listing Rules.

This circular contains a copy of the published accounts of the Target Group for each of the three years ended 30 June 2015 which were complied with Singapore Financial Reporting Standards and were audited by Ernst & Young LLP (the "Target Group Published Accounts").

Apart from certain differences in presentation, the accounting policies adopted in the preparation of the Target Group Published Accounts do not differ in any material respect from the accounting policies adopted by the Group, which comply with International Financial Reporting Standards ("IFRS").

Basis of Preparation

Disclosure is set out by providing a comparison (the "Reconciliation") between the Target Group's financial information as extracted from the Target Group Published Accounts on the one hand, and an adjustment of such financial information had they instead been prepared in accordance with the presentation format presently adopted by the Group. The process applied in the preparation of such Reconciliation is also set out below.

Reconciliation Process

The Reconciliation has been prepared by the Directors by comparing the differences between the presentation format adopted by the Target Group for each of the three years ended 30 June 2015 on the one hand, and the presentation format presently adopted by the Group on the other hand and in accordance with the basis of preparation in respect of each of the three years ended 30 June 2015, as appropriate, and quantifying the relevant financial effects of such differences, if any. Your attention is drawn to the fact that as the Reconciliation has not been subject to an independent audit and accordingly, no opinion is expressed by an auditor on whether it presents a true and fair view of the Target Group's financial information as at 30 June 2013, 2014 and 2015, nor its results for the year then ended under the accounting policies presently adopted by the Group.

Ernst & Young was engaged by the Company to conduct work in accordance with the Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or reviews of Historical Financial Information" ("HKSAE 3000") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") on the Reconciliation. The work consisted primarily of:

(i) Comparing the Target Group's financial information "Before reconciliation" as set out below in the section entitled "The Target Group's unaudited adjusted financial information under the Group's presentation format" with the Target Group's Published Accounts, as appropriate;

(ii) Considering the adjustments made and evidence supporting the adjustments made in arriving at the "Reconciliation adjustments" as set out below in the section entitled "The Target Group's unaudited adjusted financial information under the Group's presentation format", which includes examining the presentation differences between the Target Group and the Group;

(iii) Checking the arithmetic accuracy of the computation of the Target Group's financial information "After reconciliation" as set out below in the section entitled "The Target Group's unaudited adjusted financial information under the Group's presentation format".

Ernst & Young's engagement did not involve independent examination of any of the underlying financial information. The work carried out in accordance with HKSAE 3000 is different in scope from an audit or a review conducted in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, Ernst & Young did not express an audit opinion nor a review conclusion on the Reconciliation. Ernst & Young's engagement was intended solely for the use of the Directors in connection with this circular and may not be suitable for another purpose. Based on the work performed, Ernst & Young has concluded that:

(i) The column "Before reconciliation" as set out in the Target Group's unaudited adjusted financial information under the Group's presentation format is in agreement with the Target Group Published Accounts;

(ii) The reconciliation adjustments reflect, in all material respects, the differences between the Target Group's presentation format and the Group's presentation format;

(iii) The computation of the column "After reconciliation" is arithmetically accurate; and

(iv) No reconciliation adjustment of the profit or loss item is presented as there is no material difference between the Target Group's presentation format and the Group's presentation format in this aspect.

The Target Group's unaudited adjusted financial information under the Group's presentation format

The Target Group Published Accounts have been prepared and presented in accordance with the accounting policies adopted by the Target Group. There are no material differences between the Target Group's consolidated financial statements for each of the three years ended 30 June 2013, 2014 and 2015 compared to that applying the accounting policies presently adopted by the Company other than the presentation differences.

Your attention is drawn to the fact that the work is not carried out in accordance with Hong Kong Standards on Auditing or Hong Kong Standards on Review Engagements issued by the HKICPA and consequently, Ernst & Young did not express an audit opinion nor a review conclusion on the Reconciliation.

As at 30 June 2013

	Before reconciliation	Reconciliation adjustments	After reconciliation
	S$'000	*S$'000*	*S$'000*
		(Note 1)	
ASSETS			
Non-current assets			
Property, plant and equipment	77,046		77,046
Prepaid land lease prepayments	–	8,173	8,173
Land use right	8,173	(8,173)	–
Investment in an associate	27,071		27,071
Deferred tax assets	3,161		3,161
Prepayments, deposits and other receivables	–	43,383	43,383
Other receivables	23,823	(23,823)	–
Prepayments	19,560	(19,560)	–
Intangible assets	7,205		7,205
Derivatives	21		21
Investment securities	93		93
	166,153		166,153
Current assets			
Inventories	58,209		58,209
Investment securities	22,957		22,957
Trade receivables	–	8,991	8,991
Trade and other receivables	29,130	(29,130)	–
Prepayments, deposits and other receivables	–	27,951	27,951
Prepayments	3,779	(3,779)	–
Tax recoverable	4,033	(4,033)	–
Time deposits	–	116,912	116,912
Cash and cash equivalents	–	36,961	36,961
Cash and short-term deposits	153,873	(153,873)	–
	271,981		271,981
Total assets	438,134		438,134
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	–	132,412	132,412
Trade and other payables	151,773	(151,773)	–
Customer's deposits, other payable and accruals	–	42,617	42,617
Other liabilities	23,256	(23,256)	–
Tax payable	1,529		1,529
	176,558		176,558

	Before reconciliation	Reconciliation adjustments	After reconciliation
	S$'000	*S$'000* *(Note 1)*	*S$'000*
Net current assets	95,423		95,423
Non-current liabilities			
Other payables	8,397	(8,397)	–
Customer's deposits, other payable and accruals	–	8,397	8,397
Deferred tax liabilities	155		155
	8,552		8,552
Total liabilities	185,110		185,110
Net assets	253,024		253,024
Equity attributable to owners of the Company			
Share capital	231,676		231,676
Other reserves	(137,813)		(137,813)
Retained earnings	156,675		156,675
	250,538		250,538
Non-controlling interests	2,486		2,486
Total equity	253,024		253,024
Total equity and liabilities	438,134		438,134

Note 1: Reclassification of certain assets and liabilities

The adjustments represent certain reclassification of the Target Group's assets and liabilities to conform with the Group's presentation format.

As at 30 June 2014

	Before reconciliation *S$'000*	Reconciliation adjustments *S$'000* *(Note 1)*	After reconciliation *S$'000*
ASSETS			
Non-current assets			
Property, plant and equipment	89,522		89,522
Prepaid land lease prepayments	–	7,913	7,913
Land use right	7,913	(7,913)	–
Investment in an associate	26,539		26,539
Deferred tax assets	4,928		4,928
Prepayments, deposits and other receivables	–	38,452	38,452
Other receivables	24,876	(24,876)	–
Prepayments	13,576	(13,576)	–
Intangible assets	5,737		5,737
Derivatives	20		20
Investment securities	91		91
	173,202		173,202
Current assets			
Inventories	63,628		63,628
Investment securities	21,677		21,677
Trade receivables	–	5,837	5,837
Trade and other receivables	23,514	(23,514)	–
Prepayments, deposits and other receivables	–	26,318	26,318
Prepayments	6,126	(6,126)	–
Tax recoverable	2,515	(2,515)	–
Time deposits	–	110,628	110,628
Cash and cash equivalents	–	18,576	18,576
Cash and short-term deposits	129,204	(129,204)	–
	246,664		246,664
Total assets	419,866		419,866
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	–	127,687	127,687
Trade and other payables	147,828	(147,828)	–
Customer's deposits, other payable and accruals	–	47,136	47,136
Other liabilities	26,995	(26,995)	–
Tax payable	790		790
	175,613		175,613

	Before reconciliation *S$'000*	Reconciliation adjustments *S$'000* *(Note 1)*	After reconciliation *S$'000*
Net current assets	71,051		71,051
Non-current liabilities			
Other payables	10,094	(10,094)	–
Customer's deposits, other payable and accruals	–	10,094	10,094
Deferred tax liabilities	107		107
	10,201		10,201
Total liabilities	185,814		185,814
Net assets	234,052		234,052
Equity attributable to owners of the Company			
Share capital	231,676		231,676
Other reserves	(150,250)		(150,250)
Retained earnings	152,472		152,472
	233,898		233,898
Non-controlling interests	154		154
Total equity	234,052		234,052
Total equity and liabilities	419,866		419,866

Note 1: Reclassification of certain assets and liabilities

The adjustments represent certain reclassification of the Target Group's assets and liabilities to conform with the Group's presentation format.

As at 30 June 2015

	Before reconciliation	Reconciliation adjustments	After reconciliation
	S$'000	*S$'000*	*S$'000*
		(Note 1)	
ASSETS			
Non-current assets			
Property, plant and equipment	96,778		96,778
Prepaid land lease prepayments	–	8,227	8,227
Land use right	8,227	(8,227)	–
Deferred tax assets	7,231		7,231
Prepayments, deposits and other receivables	–	30,705	30,705
Other receivables	21,761	(21,761)	–
Prepayments	8,944	(8,944)	–
Intangible assets	5,350		5,350
Derivatives	19		19
Investment securities	83		83
	148,393		148,393
Current assets			
Inventories	57,817		57,817
Investment securities	11,867		11,867
Trade receivables	–	4,118	4,118
Trade and other receivables	17,440	(17,440)	–
Prepayments, deposits and other receivables	–	20,827	20,827
Prepayments	5,234	(5,234)	–
Tax recoverable	2,271	(2,271)	–
Time deposits	–	106,279	106,279
Cash and cash equivalents	–	20,432	20,432
Cash and short-term deposits	126,711	(126,711)	–
Assets of disposal group classified as held for sale	4,674		4,674
	226,014		226,014
Total assets	374,407		374,407

	Before reconciliation	Reconciliation adjustments	After reconciliation
	S$'000	*S$'000*	*S$'000*
		(Note 1)	
EQUITY AND LIABILITIES			
Current liabilities			
Trade payables	–	114,514	114,514
Trade and other payables	140,150	(140,150)	–
Customer's deposits, other payable and accruals	–	51,747	51,747
Other liabilities	26,111	(26,111)	–
Interest-bearing bank loans	–	735	735
Bank overdrafts	735	(735)	–
Tax payable	123		123
Liabilities of disposal group classified as held for sale	70,293		70,293
	237,412		237,412
Net current liabilities	(11,398)		(11,398)
Non-current liabilities			
Other payables	6,949	(6,949)	–
Customer's deposits, other payable and accruals	–	6,949	6,949
	6,949		6,949
Total liabilities	244,361		244,361
Net assets	130,046		130,046
Equity attributable to owners of the Company			
Share capital	231,676		231,676
Other reserves	(157,036)		(157,036)
Retained earnings	73,751		73,751
Reserve of disposal group classified as held for sale	(386)		(386)
	148,005		148,005

	Before reconciliation	Reconciliation adjustments	After reconciliation
	S$'000	*S$'000* *(Note 1)*	*S$'000*
Non-controlling interests	(17,959)		(17,959)
Total equity	130,046		130,046
Total equity and liabilities	374,407		374,407
Net current assets, excluding net liabilities of disposal group held for sale	54,221		54,221
Net assets, excluding net liabilities of disposal group held for sale	195,665		195,665

Note 1: Reclassification of certain assets and liabilities

The adjustments represent certain reclassification of the Target Group's assets and liabilities to conform with the Group's presentation format.

2. SUPPLEMENTAL FINANCIAL INFORMATION OF THE TARGET GROUP

The following is the supplemental financial information of the Target Group, which was not included in the Target Group's audited financial statements showing the financial information for the three years ended 30 June 2013, 2014 and 2015.

(i) Directors' remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing The Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules"), is as follows:

	Year ended 30 June		
	2013	**2014**	**2015**
	(S$'000)	*(S$'000)*	*(S$'000)*
Fees	460	455	452
Other emoluments:			
Salaries, bonus, benefit in kind and others	1,105	1,020	268
Contribution to defined benefits plan	111	119	18
	1,216	1,139	286
	1,676	1,594	738

	Fees	Salaries, bonus, benefit in kind and others	Contribution to defined benefits plan	Total
	(S$'000)	*(S$'000)*	*(S$'000)*	*(S$'000)*
30 June 2013				
Independent non-executive directors:				
Mr. Wee Kheng Jin	55	–	–	55
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi Bin Haji Zainuddin	65	–	–	65
Mr. Tan Soo Khoon	60	–	–	60
Mr. Michel Grunberg	55	–	–	55
	235	–	–	235
Executive directors:				
Tan Sri Cheng Heng Jem	55	–	–	55
Mr. Toh Peng Koon	55	296	17	368
	110	296	17	423
Non-executive directors:				
Mr. Tan Siang Long	60	–	–	60
Datuk Cheng Yoong Choong	55	809	94	958
	115	809	94	1,018
	460	1,105	111	1,676

	Fees	Salaries, bonus, benefit in kind and others	Contribution to defined benefits plan	Total
	(S$'000)	*(S$'000)*	*(S$'000)*	*(S$'000)*
30 June 2014				
Independent non-executive directors:				
Mr. Wee Kheng Jin	55	–	–	55
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi Bin Haji Zainuddin	65	–	–	65
Mr. Tan Soo Khoon	60	–	–	60
Mr. Michel Grunberg	55	–	–	55
	235	–	–	235
Executive directors:				
Tan Sri Cheng Heng Jem	55	–	–	55
Mr. Toh Peng Koon	55	247	28	330
	110	247	28	385
Non-executive directors:				
Mr. Tan Siang Long	60	–	–	60
Datuk Cheng Yoong Choong (resigned on 31 May 2014)	50	773	91	914
	110	773	91	974
	455	1,020	119	1,594

	Fees	Salaries, bonus, benefit in kind and others	Contribution to defined benefits plan	Total
	(S$'000)	*(S$'000)*	*(S$'000)*	*(S$'000)*
30 June 2015				
Independent non-executive directors:				
Mr. Wee Kheng Jin	55	–	–	55
Gen (R) Tan Sri Dato' Seri Mohd. Zahidi Bin Haji Zainuddin	65	–	–	65
Mr. Tan Soo Khoon	60	–	–	60
Mr. Michel Grunberg	55	–	–	55
	235	–	–	235
Executive directors:				
Tan Sri Cheng Heng Jem	55	–	–	55
Mr. Toh Peng Koon	55	268	18	341
	110	268	18	396
Non-executive directors:				
Mr. Tan Siang Long	60	–	–	60
Datuk Lee Kok Leong	47	–	–	47
	107	–	–	107
	452	268	18	738

(ii) Five highest paid employees

The five individuals whose emoluments were the highest in the Target Group for the years ended 30 June 2013, 2014 and 2015 included two, two and one directors, respectively, whose emolument is reflected in the analysis presented above. Emoluments payable to the remaining individuals are as follows:

	Year ended 30 June		
	2013	**2014**	**2015**
	(S$'000)	*(S$'000)*	*(S$'000)*
Salaries, allowances, and benefits in kind	645	578	617
Contribution to defined benefits plan	12	19	74
	657	597	691

The number of non-director, highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees		
	2013	**2014**	**2015**
Nil to S$200,000 (equivalent to salary band of Nil to HK$1,000,000)	–	1	3
S$200,001 to S$300,000 (equivalent to salary band of HK$1,000,001 to HK$1,500,000)	3	2	1
	3	3	4

(iii) Connected transactions

The following related party transactions, as fully disclosed in the respective audited financial statements of the Target Group set out in Appendix II to this circular, also constitute connection transactions as defined in Chapter 14A of the Listing Rules:

Transactions with director-related companies for the three years ended 30 June 2013, 2014 and 2015:

- Sale of gift vouchers to director-related companies
- Purchase of goods and services from director-related companies
- Sale of goods and services to director-related companies

- Rental of office space from a director-related company

Transactions with a subsidiary of the ultimate holding company/immediate holding company for the three years ended 30 June 2013, 2014 and 2015:

- Rental of retail space from a subsidiary of the ultimate holding company

- Purchase of goods and services from a subsidiary of the ultimate holding company

- Royalty expense to a subsidiary of the ultimate holding company/immediate holding company

The above transactions' details are set out in note 28(a), note 27(a) and note 29(a) to the audited financial statements for the year ended 30 June 2013, 2014 and 2015, respectively, which are set out in Appendix II to this circular.

3. PUBLISHED FINANCIAL INFORMATION OF THE TARGET GROUP FOR EACH OF THE THREE YEARS ENDED 30 JUNE 2015

(i) The following is the independent auditor's report issued by Ernst & Young LLP dated 23 September 2013 and the audited financial statements of the Target Group for the year ended 30 June 2013, which have been published on the website of the Singapore Exchange Limited (www.sgx.com) and of the Target Group (www.parkson.com.sg).

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 30 June 2013
To the Members of Parkson Retail Asia Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 47 to 133, which comprise the balance sheets of the Group and the Company as at 30 June 2013, the statement of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that

give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2013 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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 the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
23 September 2013

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2013

(Amounts expressed in Singapore Dollars)

	Note	**2013** *SGD'000*	**2012** *SGD'000* **(Restated)**
Revenue	*4*	446,306	433,475
Other items of income			
Finance income	*5*	6,239	5,362
Other income	*6*	5,760	9,398
Items of expense			
Changes in merchandise inventories and consumables		(181,731)	(173,186)
Employee benefits expense	*7*	(47,422)	(47,064)
Depreciation and amortisation expenses		(19,610)	(18,763)
Promotional and advertising expenses		(8,307)	(10,711)
Rental expenses		(101,049)	(88,467)
Finance costs	*5*	(371)	(468)
Other expenses		(47,393)	(46,977)
Share of results of an associate		734	–
Profit before tax	*8*	53,156	62,599
Income tax expense	*9*	(15,075)	(17,794)
Profit for the year		38,081	44,805
Profit for the year attributable to:			
Owners of the Company		39,638	45,469
Non-controlling interests		(1,557)	(664)
		38,081	44,805
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	*10*	5.85	6.99

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2013

(Amounts expressed in Singapore Dollars)

	2013	2012
	SGD'000	*SGD'000*
Profit for the year	38,081	44,805
Other comprehensive income:		
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(1,807)	(3,390)
Total comprehensive income for the year	36,274	41,415
Attributable to:		
Owners of the Company	37,880	42,054
Non-controlling interests	(1,606)	(639)
	36,274	41,415

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

BALANCE SHEETS

As at 30 June 2013

(Amounts expressed in Singapore Dollars)

	Note	Group		Company	
		2013	2012	2013	2012
		SGD'000	SGD'000 (Restated)	SGD'000	SGD'000
ASSETS					
Non-current assets					
Property, plant and equipment	13	77,046	79,502	–	–
Land use right	14	8,173	8,494	–	–
Investments in subsidiaries	11	–	–	153,122	155,506
Investment in an associate	12	27,611	–	27,157	–
Deferred tax assets	15	2,080	594	–	–
Other receivables	16	23,823	24,091	20,311	–
Prepayments		18,586	14,167	–	–
Intangible assets	17	7,205	7,513	–	–
Derivatives	18	21	21	–	–
Investment securities	19	93	93	–	–
		164,638	134,475	200,590	155,506
Current assets					
Inventories	20	58,209	58,231	–	–
Trade and other receivables	16	29,130	29,311	25,320	33,957
Prepayments		4,785	3,035	–	–
Tax recoverable		4,033	1,226	–	–
Cash and short-term deposits	21	176,830	190,346	21,373	77,111
		272,987	282,149	46,693	111,068
Total assets		437,625	416,624	247,283	266,574
EQUITY AND LIABILITIES					
Current liabilities					
Trade and other payables	22	147,515	143,656	581	16,200
Other liabilities	23	23,256	23,234	–	–
Loans and borrowings	24	–	61	–	–
Tax payable		1,529	1,329	–	–
		172,300	168,280	581	16,200
Net current assets		100,687	113,869	46,112	94,868
Non-current liabilities					
Other payables	22	7,299	7,020	–	–
Deferred tax liabilities	15	155	548	–	–
		7,454	7,568	–	–
Total liabilities		179,754	175,848	581	16,200
Net assets		257,871	240,776	246,702	250,374

	Note	Group		Company	
		2013	**2012**	**2013**	**2012**
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
			(Restated)		
Equity attributable to owners of the Company					
Share capital	*25*	231,676	231,676	231,676	231,676
Other reserves	*26*	(137,905)	(136,147)	(4,250)	(2,526)
Retained earnings		161,614	142,295	19,276	21,224
		255,385	237,824	246,702	250,374
Non-controlling interests		2,486	2,952	–	–
Total equity		257,871	240,776	246,702	250,374
Total equity and liabilities		437,625	416,624	247,283	266,574

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

STATEMENTS OF CHANGES IN EQUITY

For the Financial year ended 30 June 2013

(Amounts expressed in Singapore Dollars)

		Attributable to owners of the Company				
	Equity, total	**Equity attributable to owners of the Company, total**	**Share capital** *(Note 25)*	**Retained earnings**	**Other reserves** *(Note 26)*	**Non-controlling interests**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group						
Opening balance at 1 July 2012	240,776	237,824	231,676	142,295	(136,147)	2,952
Profit for the year	38,081	39,638	–	39,638	–	(1,557)
Other comprehensive income						
Foreign currency translation, representing total other comprehensive income for the year	(1,807)	(1,758)	–	–	(1,758)	(49)
Total comprehensive income for the year	36,274	37,880	–	39,638	(1,758)	(1,606)
Contributions by and distributions to owners						
Dividends on ordinary shares *(Note 27)*	(20,319)	(20,319)	–	(20,319)	–	–
Contributions by non-controlling interests	1,140	–	–	–	–	1,140
Total transactions with owners in their capacity as owners	(19,179)	(20,319)	–	(20,319)	–	1,140
Closing balance at 30 June 2013	257,871	255,385	231,676	161,614	(137,905)	2,486

	Equity, total	Attributable to owners of the Company Equity attributable to owners of the Company, total	Share capital *(Note 25)*	Retained earnings	Other reserves *(Note 26)*	Non-controlling interests
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group						
Opening balance at 1 July 2011	126,900	123,317	159,279	96,826	(132,788)	3,583
Profit for the year	44,805	45,469	–	45,469	–	(664)
Other comprehensive income						
Foreign currency translation, representing total other comprehensive income for the year	(3,390)	(3,415)	–	–	(3,415)	25
Total comprehensive income for the year	41,415	42,054	–	45,469	(3,415)	(639)
Contributions by and distributions to owners						
Grant of equity-settled share options to employees	56	56	–	–	56	–
Contributions by non-controlling interests	1,323	–	–	–	–	1,323
Dividends paid to non-controlling interests *(Note 27)*	(1,315)	–	–	–	–	(1,315)
Issuance of ordinary shares pursuant to the Group's initial public offering ("IPO")	75,200	75,200	75,200	–	–	–
Share issuance expense pursuant to the Group's IPO	(2,803)	(2,803)	(2,803)	–	–	–
Total transactions with owners in their capacity as owners	72,461	72,453	72,397	–	56	8
Closing balance at 30 June 2012	240,776	237,824	231,676	142,295	(136,147)	2,952

	Equity, total SGD'000	Share capital *(Note 25)* SGD'000	Retained earnings SGD'000	Other reserves *(Note 26)* SGD'000
Company				
Opening balance at 1 July 2012	250,374	231,676	21,224	(2,526)
Profit for the year	18,371	–	18,371	–
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	(1,724)	–	–	(1,724)
Total comprehensive income for the year	16,647	–	18,371	(1,724)
Distributions to owners				
Dividends on ordinary shares *(Note 27)*, representing total transactions with owners in their capacity as owners	(20,319)	–	(20,319)	–
Total transactions with owners in their capacity as owners	(20,319)	–	(20,319)	–
Closing balance at 30 June 2013	246,702	231,676	19,276	(4,250)
Opening balance at 1 July 2011	159,406	159,279	(82)	209
Profit for the year	21,306	–	21,306	–
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	(2,735)	–	–	(2,735)
Total comprehensive income for the year	18,571	–	21,306	(2,735)
Contribution by owners				
Issuance of ordinary shares pursuant to the IPO	75,200	75,200	–	–
Share issuance expense pursuant to the IPO	(2,803)	(2,803)	–	–
Total transactions with owners in their capacity as owners	72,397	72,397	–	–
Closing balance at 30 June 2012	250,374	231,676	21,224	(2,526)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Financial year ended 30 June 2013

(Amounts expressed in Singapore Dollars)

	Note	**2013** *SGD'000*	**2012** *SGD'000*
Operating activities			
Profit before tax		53,156	62,599
Adjustments for:			
Depreciation of property, plant and equipment	*13*	18,905	18,270
Amortisation of intangible assets	*17*	574	360
Amortisation of land use right	*14*	131	133
(Write-back)/allowance for doubtful trade and other receivables, net		(108)	94
Write down of inventories	*20*	–	283
Inventory shrinkage	*20*	2,380	834
Unrealised exchange loss/(gain)		584	(2,320)
Net benefit (income)/expense from defined benefit plan	*22*	(554)	667
Property, plant and equipment written off		194	43
Gain on disposal of property, plant and equipment		(12)	(35)
Grant of equity-settled share options to employees		–	56
Amortisation of deferred lease expense	*16*	1,043	911
Amortisation of deferred lease income	*22*	(500)	(222)
Income from expired gift vouchers		(1,045)	(1,031)
Share of results of an associate		(734)	–
Dividend income from investment securities		(84)	–
Finance costs		371	468
Finance income		(6,239)	(5,362)
Operating cash flows before changes in working capital		68,062	75,748
Changes in working capital:			
Decrease/(increase) in:			
Inventories		(2,084)	(8,927)
Trade and other receivables		2,719	(9,664)
Prepayments		(9,279)	(11,217)
Increase/(decrease) in:			
Trade and other payables		3,538	26,414
Other liabilities		944	(2,458)
Cash flows from operations		63,900	69,896
Interest received		4,966	3,325
Interest paid		(10)	(94)
Income taxes paid		(19,012)	(19,736)
Net cash flows from operating activities		49,844	53,391
Investing activities			
Proceeds from disposal of property, plant and equipment		33	93
Purchase of property, plant and equipment	*A*	(17,004)	(28,229)
Additions to intangible assets		(517)	(726)
Investment in an associate		(27,364)	–
Dividend income from investment securities		84	–
Dividend income from an associate		280	–
Net cash flows used in investing activities		(44,488)	(28,862)

	Note	2013 *SGD'000*	2012 *SGD'000*
Financing activities			
Proceeds from issuance of ordinary shares pursuant to the Group's IPO		–	75,200
Share issuance expense pursuant to the Group's IPO		–	(2,803)
Repayment of finance lease obligations		(5)	(9)
Dividends paid to non-controlling interests	*27*	–	(1,315)
Dividends paid on ordinary shares	*27*	(20,319)	–
Contributions by non-controlling interests		1,140	1,323
Net cash flows (used in)/generated from financing activities		(19,184)	72,396
Net (decrease)/increase in cash and cash equivalents		(13,828)	96,925
Effect of exchange rate changes on cash and cash equivalents		368	(1,730)
Cash and cash equivalents at 1 July		190,290	95,095
Cash and cash equivalents at 30 June	*21*	176,830	190,290

Note to the consolidated statement of cash flows

A. Property, plant and equipment

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

	Note	2013 *SGD'000*	2012 *SGD'000*
Current year additions to property, plant and equipment	*13*	17,851	28,525
Less: Payable to creditors	*22*	(1,341)	(494)
		16,510	28,031
Add: Payments for prior year purchase		494	198
Net cash outflow for purchase of property, plant and equipment		17,004	28,229

NOTES TO THE FINANCIAL STATEMENTS

For the Financial year ended 30 June 2013

1. CORPORATE INFORMATION

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

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

- Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia;
- 35 Bis – 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;
- TD Plaza Building, Cat Bi T Junction Urban Area, Hai Phong City, Vietnam;
- Hung Vuong Plaza, No. 126 Hung Vuong Street, Ward 12, District 5 Ho Chi Minh City, Vietnam;
- Viet Tower Building, 198B Tay Son Street, Dong Da District, Hanoi, Vietnam;
- Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten, Indonesia; and
- No. 380 Bogyoke Aung San Road, FMI Centre, Pabedan Township, Yangon, Myanmar.

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD"). All values in the table are rounded to the nearest thousand (SGD'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards that are effective for annual periods beginning on or after 1 July 2012. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Revised FRS 19 *Employee Benefits*	1 January 2013
Amendments to FRS 101 – *Government Loans*	1 January 2013
Amendments to FRS 107 *Disclosures – Offsetting Financial Assets and Financial Liabilities*	1 January 2013
FRS 113 *Fair Value Measurement*	1 January 2013
Improvements to FRSs 2012	
– Amendment to FRS 1 *Presentation of Financial Statements*	1 January 2013
– Amendment to FRS 16 *Property, Plant and Equipment*	1 January 2013
– Amendment to FRS 32 *Financial Instruments: Presentation*	1 January 2013
– Amendments to FRS 34 *Interim Financial Reporting*	1 January 2013
– Amendments to FRS 101 First-time Adoption of International Financial Reporting Standards	1 January 2013
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 – *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 110 *Consolidated Financial Statements, FRS 111 Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities*, FRS 27 *Separate Financial Statements* and FRS 28 *Investments in Associates and Joint Ventures: Mandatory Effective Date*	1 January 2014
Amendments to FRS 110 *Consolidated Financial Statements*, FRS 111 *Joint Arrangements*, FRS 112 *Disclosure of Interests in Other Entities: Transition Guidance*	1 January 2014
Amendments to FRS 110 *Consolidated Financial Statements*, FRS 112 *Disclosure of Interests in Other Entities* and FRS 27 *Separate Financial Statements: Investment Entities*	1 January 2014
Amendments to FRS 36 – *Recoverable Amount Disclosures for Non-Financial Assets*	1 January 2014

Except for FRS 112, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 is described below.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 *Disclosure of Interests in Other Entities* is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when implemented in 2014.

2.4 Basis of 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.

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

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

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

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

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) 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.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.8(a). 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. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid/transferred and the equity acquired is reflected within equity as merger reserve. The income statements and statements of comprehensive income reflect the results of the Company and its subsidiaries for the entire periods under review.

2.5 Transactions with non-controlling interests

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

2.6 Functional and foreign currency

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated and separate financial statements

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

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

For separate financial statement of the Company, the assets and liabilities are translated into SGD at the rate of exchange ruling at the end of the reporting period. The exchange differences arising on the translation are recognised in other comprehensive income.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Buildings	25 years
Renovation	2 – 10 years
Furniture, fittings and equipment	1 – 10 years
Motor vehicles	4 – 7 years

Capital work-in-progress is not depreciated as it is not yet available for use.

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

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

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

2.8 Intangible assets

(a) Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the exchange rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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. The amortisation expense on intangible assets with finite useful lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

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 derecognised.

(i) Club memberships

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

(ii) Customer relationships

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

(iii) Software

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

(iv) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures for online retail website are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected usage (i.e. 3 years) on a straight line basis.

2.9 Land use right

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

2.10 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

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

Impairment losses are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.12 Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associate is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associate.

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

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

For publicly listed associated company, it would not be practicable to ensure that their results are released prior to the results of the Group. Therefore, the Group accounts for its share of the results of its publicly listed associated company based on publicly-announced financial statements for the twelve months period ended 31 March 2013. This is applied on a consistent basis and adjustments are made for any significant events that occur between 1 April 2013 to 30 June 2013. As such, the Group will account for the results of publicly listed associated company with a time lag of 3 months.

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

2.13 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

- (i) has control or joint control over the Company;
- (ii) has significant influence over the Company; or
- (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- (i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);
- (ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);
- (iii) both entities are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;
- (vi) the entity is controlled or jointly controlled by a person identified in (a); or
- (vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.14 Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

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

(b) Loans and receivables

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

(c) Available-for-sale financial assets

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

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

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

2.15 Impairment of financial assets

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

(a) Financial assets carried at amortised cost

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

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

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

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

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

(b) Financial assets carried at cost

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

(c) Available-for-sale financial assets

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

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

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

2.16 Cash and cash equivalents

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

2.17 Inventories

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

– Merchandise and consumables: purchase costs on a weighted average basis derived using the Retail Inventory Method.

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

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

2.18 Provisions

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

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

2.19 Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

After initial recognition, non-derivative financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised, and through the amortisation process.

De-recognition

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

2.20 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) Defined benefit plan

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

Actuarial gains or losses are recognised as income or expense when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting period exceed 10% of the defined benefit obligation at that date. These gains or losses in excess of the 10% corridor are amortised on a straight-line basis over the expected average remaining service years of the covered employees.

The unvested past service costs are recognised as an expense on a straight-line basis over the average period until the benefits become vested. If the benefits are already vested, immediately following the introduction of, or changes to, the employee benefit programme, past service costs are recognised immediately.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligation at the end of the reporting period plus any actuarial gains and losses not recognised, reduced by past service costs not yet recognised.

2.21 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.22(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.22 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for concessionaire sales of which it generates commission income. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

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

(b) Commissions from concessionaire sales

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

(c) Consultancy and management service fees

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

(d) Rental income

Rental income arising from operating leases on department stores is accounted for on a straight-line basis over the lease terms. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Revenue from customer loyalty award

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

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

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

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Royalty income

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

(h) Promotion income

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

2.23 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

– In respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

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

(c) Sales tax

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

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of trade and other receivables or trade and other payables in the balance sheet.

2.24 Segment reporting

The Group has a single operating segment, which is the operation and management of department stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.25 Share capital and share issue expenses

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

2.26 Contingencies

A contingent liability is:

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Judgements made in applying accounting policies

No critical judgements were made by management in the process of applying the Group's accounting policies.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in assumptions when they occur.

(a) Taxes

Significant estimation is involved in determining the 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. Details of income tax expense are disclosed in Note 9. The carrying amount of tax recoverable as at 30 June 2013 was SGD4,033,000 (2012: SGD1,226,000). The carrying amount of tax payable as at 30 June 2013 was SGD1,529,000 (2012: SGD1,329,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2013 were SGD2,080,000 (2012: SGD594,000) and SGD155,000 (2012: SGD548,000) respectively.

(b) Customer loyalty award

The Group allocates the consideration received from the sale of goods to the goods sold and the points issued under its loyalty programmes. The consideration allocated to the points issued is measured at their fair value. Fair value is determined inter alia by the following factors:

– the range of merchandise available to the customers;

– the prices at which the Group sells the merchandise which can be redeemed and the discounts available for these merchandise;

– changes in the popularity of the programmes; and

– changing patterns in the redemption rates.

Details of deferred revenue from customer loyalty award are disclosed in Note 23.

(c) Defined benefit plans

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. Further details are provided in Note 22.

(d) Useful lives of intangible assets

The cost of intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 3 to 99 years. Management estimates the useful lives of these intangible assets based on historical experience of the actual useful lives of assets with similar nature and functions, as well as the economic environment and the expected use of the assets acquired. Changes in the market demand or technological developments could impact the economic useful lives of these assets; therefore, future amortisation expenses could be revised. The carrying amount of the Group's intangible assets (excluding goodwill) at the end of the reporting period was SGD1,963,000 (2012: SGD1,965,000).

(e) Development costs

Development costs are capitalised in accordance with the accounting policy in Note 2.8(b)(iv). Initial capitalisation of costs is based on management's judgement that technological and economical feasibility is confirmed, which is when the online retail website has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the online retail website, discount rates to be applied and the expected period of benefits. The carrying amount of development costs capitalised at the end of the reporting period was nil (2012: SGD470,000).

(f) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's goodwill at the end of the reporting period was SGD5,242,000 (2012: SGD5,548,000).

4. REVENUE

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
		(Restated)
Sale of goods – direct sales	223,358	217,912
Commissions from concessionaire sales	205,695	198,382
Consultancy and management service fees	1,231	1,404
Rental income	16,022	15,777
	446,306	433,475

5. FINANCE INCOME/COSTS

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Finance income		
Interest income on:		
– Short-term deposits	5,374	4,224
– Rental deposits receivables	865	1,138
	6,239	5,362
Finance costs		
Interest expense on:		
– Bank overdrafts	10	4
– Rental deposit payables	323	423
– Others	38	41
	371	468

6. OTHER INCOME

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
		(Restated)
Cash discount from suppliers	1,419	1,433
Promotion income	1,008	700
Royalty income	–	339
Income from expired gift vouchers	1,045	1,031
Gain on disposal of property, plant and equipment	12	35
Foreign exchange gain, net	–	2,569
Dividend income	84	–
Others	2,192	3,291
	5,760	9,398

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
		(Restated)
Wages, salaries and bonuses	36,796	34,245
Contribution to defined contribution plans	3,298	3,062
Grant of equity-settled share options to employees	–	56
Net benefit (income)/expense from defined benefit plan *(Note 22)*	(554)	667
Other staff related expenses	7,882	9,034
	47,422	47,064

Included in employee benefits expense of the Group are remuneration of directors and key management personnel as further disclosed in Note 28(b).

8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
		(Restated)
Audit fees:		
– Auditors of the Company	95	82
– Other auditors	328	248
Non-audit fees:		
– Auditors of the Company	–	174
– Other auditors	82	583
Total audit and non-audit fees	505	1,087
Depreciation of property, plant and equipment *(Note 13)*	18,905	18,270
Amortisation of land use right *(Note 14)*	131	133
Amortisation of intangible assets *(Note 17)*	574	360
Property, plant and equipment written off	194	43
Share issuance expense pursuant to the Group's IPO (excluding non-audit fees paid to auditors)	–	1,301
Write down of inventories *(Note 20)*	–	283
Inventory shrinkages *(Note 20)*	2,380	834
(Write-back)/allowance for doubtful trade and other receivables, net *(Note 16)*	(108)	94
Gain on disposal of property, plant and equipment	12	35
Exchange (gain)/loss:		
– Realised	(372)	(249)
– Unrealised	584	(2,320)
Operating lease expense *(Note 29(b))*:		
– Minimum lease payments	96,648	87,284
– Contingent lease payments	3,358	272
– Amortisation of deferred lease expense	1,043	911

9. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2013 and 2012 are as follows:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Consolidated income statement:		
– Current income taxation	17,020	17,947
– (Over)/under provision in respect of previous years	(102)	242
– Withholding taxes relating to foreign sourced income	79	–
	16,997	18,189
Deferred income tax		
– Origination and reversal of temporary differences	(558)	(317)
– Over provision in respect of previous years	(1,364)	(78)
	(1,922)	(395)
Income tax expense recognised in profit or loss	15,075	17,794

(b) Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 30 June 2013 and 2012 is as follows:

	2013	2012
Profit before tax	53,156	62,599
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	13,992	15,384
Adjustments:		
– Non-deductible expenses	4,618	4,025
– Income not subject to taxation	(3,423)	(1,651)
– Effect of tax exemption	(451)	(531)
– Deferred tax assets not recognised	1,709	348
– (Over)/under provision of current tax in respect of previous years	(102)	242
– Over provision of deferred tax in respect of previous years	(1,364)	(78)
– Withholding taxes relating to foreign sourced income	79	–
– Others	17	55
Income tax expense recognised in profit or loss	15,075	17,794

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

Parkson Corporation Sdn Bhd ("PCSB"), Kiara Innovasi Sdn Bhd ("Kiara Innovasi") and Parkson Online Sdn Bhd ("POSB")

The above companies are incorporated in Malaysia and are subjected to a tax rate of 25% for the financial year ended 30 June 2013 (2012: 25%).

Parkson Vietnam Co Ltd ("Parkson Vietnam"), Parkson Haiphong Co Ltd ("Parkson Haiphong"), Parkson Vietnam Management Services Co Ltd ("Vietnam Management") and Parkson Hanoi Co Ltd ("Parkson Hanoi")

The statutory Corporate Income Tax ("CIT") rate applicable to the above companies is 25%. Parkson Haiphong is entitled to an exemption from CIT for 2 years commencing from the first year in which a taxable profit is earned, and a 50% reduction of the applicable tax rate for the following 3 years. Parkson Haiphong is subjected to a tax rate of 25% for the financial year ended 30 June 2013 (2012: 12.5%) as the entitlement for the 50% reduction of the applicable tax rate has ended.

Parkson Vietnam, Vietnam Management and Parkson Hanoi are subjected to a tax rate of 25% for the financial year ended 30 June 2013 (2012: 25%).

PT. Tozy Sentosa

The above company is incorporated in Indonesia and is subjected to a tax rate of 25% for the financial year ended 30 June 2013 (2012: 25%).

Parkson Retail Asia Limited, Centro Retail Pte Ltd, Parkson Myanmar Pte Ltd, Parkson Myanmar Investment Co Pte Ltd and Parkson Myanmar Asia Pte Ltd

The above companies are incorporated in Singapore and are subjected to a tax rate of 17% for the financial year ended 30 June 2013 (2012: 17%).

Parkson Cambodia Holdings Co Ltd

The above company is incorporated in the British Virgin Islands and not required to pay taxes.

Parkson (Cambodia) Co Ltd

The above company is incorporated in Cambodia and is subjected to a tax rate of 20% for the financial year ended 30 June 2013 (2012: 20%).

Myanmar Parkson Company Ltd

The above company is incorporated in Myanmar during the financial year ended 30 June 2013 and is subjected to a tax rate of 25%.

10. EARNINGS PER SHARE

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

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

	Group	
	2013	**2012**
Profit for the year attributable to owners of the Company (SGD'000)	39,638	45,469
Weighted average number of ordinary shares for basic earnings per share computation ('000)	677,300	650,415

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial years ended 30 June 2013 and 2012 are the same.

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2013	**2012**
	SGD'000	*SGD'000*
Shares, at cost	155,506	155,506
Exchange difference	(2,384)	–
	153,122	155,506

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Country of incorporation	Ownership interest 2013 %	2012 %
Held by the Company				
Parkson Corporation Sdn Bhd[(b)]	Operation of department stores	Malaysia	100	100
Centro Retail Pte Ltd[(a)]	Investment holding	Singapore	100	100
PT. Tozy Sentosa[(b)]	Operation of department stores, supermarkets and merchandising	Republic of Indonesia	100[(*)]	100[(*)]
Parkson Myanmar Co Pte Ltd[(a)(1)]	Investment holding	Singapore	100	–
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[(b)]	Retailing and operation of a modern shopping centre	Socialist Republic of Vietnam	100	100
Parkson Haiphong Co Ltd[(b)]	Upgrade and leasing of retail space for establishment of a modern department store	Socialist Republic of Vietnam	100	100
Kiara Innovasi Sdn Bhd[(b)]	Operation of department stores	Malaysia	60	60
Parkson Online Sdn Bhd[(b)]	Online retailing	Malaysia	100	100
Parkson Cambodia Holdings Co Ltd[(b)]	Investment holding	British Virgin Islands	100	100
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd[(b)]	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Socialist Republic of Vietnam	100	100
Parkson Hanoi Co Ltd[(b)]	Retailing and operation of modern shopping centres	Socialist Republic of Vietnam	70	70
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd[(b)]	Operation of department stores	Kingdom of Cambodia	100	100

Name of company	Principal activities	Country of incorporation	Ownership interest 2013	2012
			%	%
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd [(a)(2)]	Investment holding	Singapore	70	–
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd[(a)(3)]	Investment holding	Singapore	100	–
Myanmar Parkson Company Limited[(c)(4)]	Retailing and operation of a modern shopping centre	Republic of the Union of Myanmar	100[(**)]	–

(a) Audited by Ernst & Young LLP, Singapore

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

(c) Not material to the Group and not required to be disclosed under SGX Listing Rule 717

(1) Incorporated on 25 July 2012 with a paid-up share capital of SGD1

(2) Incorporated on 19 December 2012 with an initial paid-up share capital of USD3. The paid-up share capital was subsequently increased to USD3,000,000 on 15 February 2013

(3) Incorporated on 19 December 2012 with an initial paid-up share capital of USD1. The paid-up share capital was subsequently increased to USD30,001 on 15 February 2013

(4) Incorporated on 1 April 2013 with a paid-up share capital of USD300,000

(*) 27.78% is held via Centro Retail Pte Ltd

(**) 10% is held via Parkson Myanmar Asia Pte Ltd

12. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2013	**2012**	**2013**	**2012**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Shares, at cost	27,157	–	27,157	–
Share of post-acquisition reserves	454	–	–	–
	27,611	–	27,157	–
Fair value of investment in an associate for which there is published price quotation	28,852	–	28,852	–

Details of the associate are as follows:

Name of company	Principal activities	Country of incorporation	Ownership interest 2013	2012
			%	%
Odel PLC[(a)]	Retailing and operation of modern shopping centres	Sri Lanka	47.46	–

(a) Audited by Ernst & Young, Sri Lanka

The Group acquired a total of 60,625,000 shares or 41.82% of the issued and paid up share capital in Odel PLC ("Odel") at LKR23.50 per share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene (collectively, the "Gunewardene Family") for a total consideration of approximately LKR1,424.7 million or SGD13.6 million on 31 July 2012 ("Completion Date"). In addition, the Group purchased a further 525,896 shares or 0.37% of the issued and paid up share capital of Odel at a weighted average price of LKR 23.46 per share for a consideration of approximately LKR12.3 million or SGD0.12 million in the open market. As a result, the Group held a 42.19% equity stake in Odel as at the Completion Date.

Pursuant to the aforementioned acquisition of shares, the Group was required under the Sri Lanka Company Take-Overs and Mergers Code 1995 (As amended in 2003) to make a mandatory offer ("Offer") for all the remaining shares in Odel at LKR23.50 per share being the highest price at which the Group has acquired the shares of Odel within the twelve-month period prior to the Completion Date. The total number of shares accepted as at the close of the Offer on 11 September 2012 was 3,424,536 shares, representing 2.36% of the issued and paid up share capital of Odel. This has increased the Group's shareholding in Odel to 64,575,432 shares, representing 44.55% of the issued and paid up share capital of Odel.

On 10 December 2012, Odel undertook a one-for-one rights issue of shares at LKR20.00 per share ("Odel Rights Issue") and raised approximately LKR2,543.6 million or SGD24 million to fund the development and expansion of Odel in Sri Lanka. As part of the Odel Rights Issue, the Group had subscribed for its full entitlement of 64,575,432 new ordinary shares in Odel for a sum of approximately LKR1,291.5 million or SGD12.2 million.

The Group now owns a total of 129,150,864 shares, representing approximately 47.46% of the issued and paid-up share capital of Odel.

The Group recognises its share of the associate's results based on the associate's audited financial statements drawn up to the most recent reporting date, which is 31 March 2013. The associated company, being listed on the Colombo Stock Exchange, is unable to release information other than those publicly published.

The summarised financial information of the associate as at 31 March 2013, not adjusted for the proportion of ownership interest held by the Group and Company, is as follows:

	2013
	SGD'000
Assets and liabilities:	
Total assets	62,254
Total liabilities	12,819
Results:	
Revenue	43,622
Profit for the year	1,514

13. PROPERTY, PLANT AND EQUIPMENT

	Renovation	Buildings	Furniture and equipment	Motor vehicles	Capital work-in-progress	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
2013						
Group						
Cost						
At 1 July 2012	72,885	19,961	64,482	1,750	1,131	160,209
Additions	8,380	406	6,909	–	2,156	17,851
Disposals	(12)	–	(397)	(28)	–	(437)
Reclassification	543	–	393	–	(936)	–
Transfer to intangible asset *(Note 17)*	–	–	(142)	–	–	(142)
Written off	(3,214)	–	(7,236)	(39)	–	(10,489)
Exchange differences	(559)	(445)	103	(18)	(25)	(944)
At 30 June 2013	78,023	19,922	64,112	1,665	2,326	166,048
Accumulated depreciation						
At 1 July 2012	36,548	4,030	39,342	787	–	80,707
Depreciation for the year	9,648	1,130	7,887	240	–	18,905
Disposals	(1)	–	(388)	(27)	–	(416)
Transfer to intangible asset *(Note 17)*	–	–	(32)	–	–	(32)
Written off	(3,158)	–	(7,098)	(39)	–	(10,295)
Exchange differences	81	(96)	150	(2)	–	133
At 30 June 2013	43,118	5,064	39,861	959	–	89,002
Net carrying amount	34,905	14,858	24,251	706	2,326	77,046
2012						
Group						
Cost						
At 1 July 2011	55,685	19,661	56,908	1,673	1,983	135,910
Additions	9,676	–	9,996	337	8,516	28,525
Disposals	(1)	–	(168)	(232)	–	(401)
Reclassification	9,312	–	8	–	(9,320)	–
Written off	(638)	–	(1,095)	–	–	(1,733)
Exchange differences	(1,149)	300	(1,167)	(28)	(48)	(2,092)
At 30 June 2012	72,885	19,961	64,482	1,750	1,131	160,209
Accumulated depreciation						
At 1 July 2011	28,550	3,290	33,532	763	–	66,135
Depreciation for the year	9,442	684	7,895	249	–	18,270
Disposals	–	–	(135)	(208)	–	(343)
Written off	(632)	–	(1,058)	–	–	(1,690)
Exchange differences	(812)	56	(892)	(17)	–	(1,665)
At 30 June 2012	36,548	4,030	39,342	787	–	80,707
Net carrying amount	36,337	15,931	25,140	963	1,131	79,502

Assets held under finance leases

The carrying amount of property, plant and equipment held under finance leases at the end of the reporting period are as follows:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Motor vehicles	–	22

The above assets were pledged as security for the related finance leases as at 30 June 2012.

Capital work-in-progress

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

14. LAND USE RIGHT

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Cost		
At 1 July	8,963	8,828
Exchange differences	(200)	135
At 30 June	8,763	8,963
Accumulated amortisation		
At 1 July	469	330
Amortisation for the year	131	133
Exchange differences	(10)	6
At 30 June	590	469
Net carrying amount	8,173	8,494
Amount to be amortised:		
– Not later than one year	131	133
– Later than one year but not later than five years	523	532
– Later than five years	7,519	7,829
	8,173	8,494

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 62 years and 6 months (2012: 63 years and 6 months).

15. DEFERRED TAX ASSETS/LIABILITIES

	At 1 July 2011	Recognised in profit or loss	Exchange differences	At 30 June 2012	Recognised in profit or loss	Exchange differences	At 30 June 2013
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group							
Deferred tax assets:							
Difference in depreciation for tax purposes	6	569	76	651	5	(33)	623
Provision	1,508	273	(21)	1,760	1,897	(4)	3,653
	1,514	842	55	2,411	1,902	(37)	4,276
Deferred tax liabilities:							
Difference in depreciation for tax purposes	(1,572)	(518)	30	(2,060)	12	(23)	(2,071)
Others	(385)	71	9	(305)	8	17	(280)
	(1,957)	(447)	39	(2,365)	20	(6)	(2,351)
	(443)	395	94	46	1,922	(43)	1,925

	Group	
	2013	2012
	SGD'000	*SGD'000*
Presented after appropriate offsetting as follows:		
Deferred tax assets	2,080	594
Deferred tax liabilities	(155)	(548)
	1,925	46

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD8,228,000 (2012: SGD1,392,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividend

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 27).

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2013	**2012**	**2013**	**2012**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
		(Restated)		
Current:				
Trade receivables	2,112	2,634	–	–
Credit card receivables	6,879	6,125	–	–
Other receivables:				
– VAT receivables	713	1,985	–	–
– Redemption of gift vouchers and merchandise	143	95	–	–
– Others	5,444	5,458	37	181
Rental deposits	2,192	1,330	–	–
Other deposits	10,771	10,977	–	–
Deferred lease expense	590	545	–	–
Amount due from subsidiaries (non-trade)	–	–	25,281	33,776
Amount due from ultimate holding company (non-trade)	14	14	–	–
Amount due from related companies (non-trade)	270	148	–	–
Amount due from an associate	2	–	2	–
	29,130	29,311	25,320	33,957
Non-current:				
Rental deposits	11,352	11,561	–	–
Deferred lease expenses	11,907	12,145	–	–
Other deposits	564	385	–	–
Loans to subsidiaries (non-trade)	–	–	20,311	–
	23,823	24,091	20,311	–
Total trade and other receivables (current and non-current)	52,953	53,402	45,631	33,957
Add: Cash and short-term deposits *(Note 21)*	176,830	190,346	21,373	77,111
Less: Deferred lease expenses	(12,497)	(12,690)	–	–
Total loans and receivables	217,286	231,058	67,004	111,068

Trade receivables

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to SGD1,647,000 (2012: SGD1,839,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Less than 30 days	448	983
30 to 60 days	80	178
61 to 90 days	92	65
More than 90 days	1,027	613
	1,647	1,839

Trade and other receivables (current) that are impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Trade and other receivables – nominal amounts	358	471
Less: Allowance for impairment	(358)	(471)
	–	–
Movement in allowance accounts:		
At 1 July	471	380
Charge for the year	64	267
Write back	(172)	(173)
Exchange differences	(5)	(3)
At 30 June	358	471

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

Credit card receivables

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

Other receivables

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

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 17 years (2012: 2 to 18 years). The 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.

There are no rental deposits that are impaired as at the end of the financial years ended 30 June 2013 and 2012.

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
United States Dollar	6,258	9,911

Other deposits (current)

Included in "Other deposits" are deposits amounting to SGD10,093,000 (2012: SGD10,323,000) paid by Parkson Vietnam to the individual owners of two Vietnamese companies as well as to one of the Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own three Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies. These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

Deferred lease expenses (current and non-current)

Deferred lease expenses relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 1 to 17 years (2012: 2 to 18 years).

The movement in deferred lease expenses is as follows:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
At 1 July	12,690	10,663
Additions during the year	1,029	2,918
Recognised in profit or loss	(1,043)	(911)
Exchange differences	(179)	20
At 30 June	12,497	12,690

Amounts due from ultimate holding company/related companies/subsidiaries

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

Loans to subsidiaries

The outstanding balances are non-trade related, unsecured, repayable upon demand and are to be settled in cash. The settlement of loans to subsidiaries is not likely to occur in the foreseeable future. The loans to subsidiaries are non-interest bearing except for loan to one of the subsidiaries amounting to SGD13,359,000 (2012: nil), which bears interest at 7.95% (2012: nil) per annum.

17. INTANGIBLE ASSETS

	Customer relationships	Goodwill	Club memberships	Software	Deferred development costs	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group						
Cost						
At 1 July 2011	1,536	5,649	117	–	–	7,302
Additions	–	–	–	256	470	726
Exchange differences	(38)	(101)	(16)	–	–	(155)
At 30 June 2012 and 1 July 2012	1,498	5,548	101	256	470	7,873
Additions	–	–	–	517	–	517
Reclassification	–	–	–	470	(470)	–
Transfer from property, plant and equipment	–	–	–	142	–	142
Exchange differences	(77)	(306)	–	(11)	–	(394)
At 30 June 2013	1,421	5,242	101	1,374	–	8,138
Accumulated amortisation and impairment						
At 1 July 2011	–	–	–*	–	–	–*
Additions	312	–	26	22	–	360
At 30 June 2012 and 1 July 2012	312	–	26	22	–	360
Additions	287	–	–	287	–	574
Transfer from property, plant and equipment	–	–	–	32	–	32
Exchange differences	(31)	–	–	(2)	–	(33)
At 30 June 2013	568	–	26	339	–	933
Net carrying amount						
At 30 June 2012	1,186	5,548	75	234	470	7,513
At 30 June 2013	853	5,242	75	1,035	–	7,205

* This amount is less than SGD1,000

Customer relationships

Customer relationships arise from the Centro Friends loyalty programme that was acquired in a business combination. As disclosed in Note 2.8(b)(ii), customer relationships will be amortised over their estimated useful lives of 5 years and the remaining useful lives is 3 years.

Deferred development costs

Deferred development costs relate to the development costs for the online retail website. All research and development costs that are not eligible for capitalisation have been recognised in profit or loss. The online retail website has been completed and reclassified to software during the financial year ended 30 June 2013.

Amortisation expense

The amortisation of customer relationships, club memberships and software is included in the "Depreciation and amortisation expenses" line item in profit or loss.

Impairment testing of goodwill

Intangibles acquired through business combinations have been allocated to the cash-generating unit ("CGU") which is also the reportable geographical segment in Indonesia as described in Note 31. The operations in the Indonesia geographical segment are managed by one of the Company's subsidiary, PT Tozy Sentosa. The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 11.0% (2012: 11.0%) and 4.3% (2012: 4.8%) respectively.

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

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

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

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

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

During the financial years ended 30 June 2013 and 2012, no impairment loss for intangible assets was recognised in profit or loss.

18. DERIVATIVES

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Option to purchase additional shares in Kiara Innovasi[1], representing total financial assets at fair value through profit or loss	21	21

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

19. INVESTMENT SECURITIES

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Available-for-sale financial assets:		
Equity instruments (unquoted), at cost	93	93

20. INVENTORIES

	Group	
	2013	2012
	SGD'000	*SGD'000*
Balance sheet:		
Merchandise inventories	58,173	58,182
Consumables	36	49
	58,209	58,231
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	181,731	173,186
Write down of inventories	–	283
Inventory shrinkages	2,380	834

21. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2013	2012	2013	2012
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Cash at bank and on hand	36,961	19,101	11,359	2,452
Short-term deposits placed with:				
– Licensed finance companies	73,118	42,325	–	–
– Licensed banks	66,751	128,920	10,014	74,659
Cash and short-term deposits	176,830	190,346	21,373	77,111
Bank overdrafts *(Note 24)*	–	(56)	–	–
Cash and cash equivalents	176,830	190,290	21,373	77,111

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short-term deposit rates. The weighted average effective interest rates for the Group and the Company as at 30 June 2013 were 2.15% (2012: 2.43%) and 0.47% (2012: 0.75%) respectively per annum.

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

	Group		Company	
	2013	2012	2013	2012
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Singapore Dollar	20,932	67,671	20,932	67,462
United States Dollar	851	10,363	59	9,649
Sri Lanka Rupee	382	–	382	–

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2013	2012	2013	2012
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Current:				
Trade payables	132,412	130,043	–	–
Payables to suppliers of property, plant and equipment	1,341	494	–	–
Other payables	11,180	10,393	220	434
Rental deposits	1,574	2,007	–	–
Deferred lease income	72	–	–	–
Amount due to a subsidiary (non-trade)	–	–	–	15,599
Amount due to ultimate holding company (non-trade)	372	376	–	–
Amount due to related companies (non-trade)	564	343	361	167
	147,515	143,656	581	16,200
Non-current:				
Rental deposits	4,429	3,266	–	–
Deferred lease income	2,548	2,743	–	–
Provision for severance allowance	20	118	–	–
Defined benefit plan	293	893	–	–
Other payables	9	–	–	–
	7,299	7,020	–	–
Total trade and other payables (current and non-current)	154,814	150,676	581	16,200
Add:				
Other liabilities *(Note 23)*	11,567	11,793	–	–
Loans and borrowings *(Note 24)*	–	61	–	–
Less:				
Deferred lease income	(2,620)	(2,743)	–	–
Defined benefit plan	(293)	(893)	–	–
Provision for severance allowance	(20)	(118)	–	–
Total financial liabilities carried at amortised cost	163,448	158,776	581	16,200

Trade payables

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

Other payables

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

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

	Group and Company	
	2013	**2012**
	SGD'000	*SGD'000*
Singapore Dollar	220	434

Amounts due to ultimate holding company/related companies/subsidiary (non-trade)

The outstanding balances are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Non-current rental deposits have maturity ranging from 1 to 17 years (2012: 2 to 18 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

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

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
United States Dollar	–	2,582

Deferred lease income (current and non-current)

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the remaining lease terms ranging from 1 to 17 years (2012: 2 to 18 years). The movement in deferred lease income is as follows:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
At 1 July	2,743	1,192
Additions during the year	374	2,355
Refunds during the year	–	(572)
Recognised in profit or loss	(500)	(222)
Exchange differences	3	(10)
At 30 June	2,620	2,743

Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No.13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2013 are as follows:

Annual discount rate:	6.36%
Future annual salary increment:	8%
Retirement age:	55 years of age

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

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Current service cost	123	634
Interest cost on benefit obligations	120	130
Expected return on planned assets	(23)	(54)
Net actuarial gain recognised during the year	(790)	(61)
Past service cost	16	18
Net benefit (income)/expense recognised in profit or loss	(554)	667

The estimated liabilities for employee benefits as at the financial years ended 30 June 2013 and 2012 are as follows:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Defined benefit obligations	849	2,293
Fair value of planned assets	(236)	(356)
	613	1,937
Unrecognised actuarial loss	47	(657)
Unrecognised past service cost	(367)	(387)
Liabilities as at 30 June	293	893
Changes in the present value of the defined benefit obligations are as follows:		
Benefits obligations at 1 July	893	249
Current service cost	123	634
Interest cost on benefit obligations	120	130
Expected return on planned assets	(23)	(54)
Net actuarial gain recognised during the year	(790)	(61)
Past service cost	16	18
Exchange difference	(46)	(23)
Benefits obligations at 30 June	293	893

23. OTHER LIABILITIES

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Accrued operating expenses	9,775	8,941
Accrued staff costs	249	349
Others	1,543	2,503
	11,567	11,793
Deferred revenue from gift vouchers	8,003	7,800
Deferred revenue from customer loyalty award	3,686	3,641
	23,256	23,234

Deferred revenue from customer loyalty award

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

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
At 1 July	3,641	3,240
Additions during the year	2,233	2,701
Recognised in profit or loss	(2,103)	(2,298)
Exchange differences	(85)	(2)
At 30 June	3,686	3,641

24. LOANS AND BORROWINGS

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Current:		
Finance lease liabilities *(Note 29(d))*	–	5
Bank overdrafts	–	56
	–	61

Obligations under finance leases

These obligations were denominated in Malaysian Ringgit and secured by a charge over the leased assets (Note 13). The average discount rate implicit in the leases is 9.32% (2012: 9.32%) per annum.

Obligations under finance leases were fully repaid and the security has been discharged during the financial year ended 30 June 2013.

Bank overdrafts

Bank overdrafts were denominated in Malaysian Ringgit, unsecured and bore interest at 2.25% per annum for the financial year ended 30 June 2012. Bank overdrafts were fully repaid during the financial year ended 30 June 2013.

25. SHARE CAPITAL

	Company			
	2013		2012	
	No. of shares		No. of shares	
	'000	*SGD'000*	*'000*	*SGD'000*
Issued and fully paid ordinary shares:				
At 1 July	677,300	231,676	159,279	159,279
Issuance of bonus shares	–	–	438,021	–
Issuance of shares pursuant to the Group's IPO	–	–	80,000	75,200
Share issuance expense pursuant to the Group's IPO	–	–	–	(2,803)
At 30 June	677,300	231,676	677,300	231,676

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

26. OTHER RESERVES

		Group		Company	
		2013	2012	2013	2012
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Foreign currency translation reserve	*(a)*	(24,551)	(22,793)	(4,250)	(2,526)
Capital redemption reserve	*(b)*	1	1	–	–
Capital contribution from ultimate holding company	*(c)*	9,959	9,959	–	–
Merger reserve	*(d)*	(123,753)	(123,753)	–	–
Bargain purchase of non-controlling interests	*(e)*	439	439	–	–
		(137,905)	(136,147)	(4,250)	(2,526)

(a) Foreign currency translation reserve

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

	Group		Company	
	2013	2012	2013	2012
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
At 1 July	(22,793)	(19,378)	(2,526)	209
Foreign currency translation	(1,758)	(3,415)	(1,724)	(2,735)
At 30 June	(24,551)	(22,793)	(4,250)	(2,526)

(b) Capital redemption reserve

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

(c) Capital contribution from ultimate holding company

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

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

(d) Merger reserve

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

(e) Bargain purchase of non-controlling interests

This represents the difference between the carrying value of the non-controlling interests acquired and the fair value of the consideration paid which is recognised directly in equity.

27. DIVIDENDS

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Declared and paid during the financial year:		
Dividends declared by Parkson Hanoi and paid to non-controlling interests*	–	(1,315)
Final exempt (one-tier) dividend for 2012: SGD0.03 (2011: Nil) per share	(20,319)	–

* The charter capital of Parkson Hanoi is not divided into a defined number of shares. Accordingly, dividend per share is not disclosed.

	Group and Company	
	2013	**2012**
	SGD'000	*SGD'000*
Proposed and not recognised as a liability as at 30 June:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2013: SGD0.027 (2012: SGD0.03) per share	18,287	20,319

28. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Sale of gift vouchers to director related companies:		
– Amsteel Mills Marketing Sdn Bhd	63	51
– Amsteel Mills Sdn Bhd	6	60
– Megasteel Sdn Bhd	216	24
– Posim Petroleum Marketing Sdn Bhd	14	–
	299	135
Purchase of goods and services from director related companies:		
– Secom (Malaysia) Sdn Bhd	267	302
– Posim Marketing Sdn Bhd	379	371
– Posim EMS Sdn Bhd	331	379
– Lion Trading & Marketing Sdn Bhd	153	379
– WatchMart (M) Sdn Bhd	237	169
– PT Mitra Samaya	–	166
– PT Monica Hijaulestari	3,923	3,418
– Bonuskad Loyalty Sdn Bhd	4,527	4,138
	9,817	9,322
Purchase of goods and services from a subsidiary of the ultimate holding company, Parkson Holdings Berhad:		
– Park Avenue Fashion Sdn Bhd	8	23
Sale of goods and services to director related companies:		
– Bonuskad Loyalty Sdn Bhd	6,406	5,959
Rental of office space from a director related company:		
– Visionwell Sdn Bhd	54	53
Rental of retail space from a director related company:		
– 1st Avenue Mall Sdn Bhd	–	710
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya:		
– PT Tozy Bintang Sentosa	300	419
Rental of retail space from a subsidiary of the ultimate holding company, Parkson Holdings Berhad:		
– Festival City Sdn Bhd	1,942	1,199

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Royalty income from an associate of PHB Group:		
– Shanghai Lion Parkson Investment Consultant Co., Ltd	–	339
Royalty expense to a subsidiary of a shareholder, ECIL:		
– Smart Spectrum Limited	192	172

(b) Compensation of key management personnel

Short-term employee benefits	2,475	2,373
Contribution to defined contribution plans	156	152
	2,631	2,525
Comprise amounts paid to:		
Directors of the Company	1,676	1,534
Other key management personnel	955	991
	2,631	2,525
Key management personnel's interests in PHB ESOS		
At 1 July	–	578
Exercised during the year	–	(42)
Terminated	–	(536)
	–	–

No employee share options were granted to key management personnel, while 42,000 employee share options were exercised by key management personnel during the financial year ended 30 June 2012. As noted in Note 26(c), the PHB ESOS was terminated on 31 May 2012.

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:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Capital commitments in respect of property, plant and equipment	2,775	266

(b) Operating lease commitments – as lessee

In addition to the land use right disclosed in Note 14, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 24 years (2012: 1 and 18 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

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

Minimum lease payments, contingent rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial years ended 30 June 2013 and 2012 are disclosed in Note 8.

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

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Not later than one year	82,904	72,205
Later than one year and not later than five years	228,150	178,637
Later than five years	327,095	195,192
	638,149	446,034

(c) Operating lease commitments – as lessor

The Group has entered into commercial subleases on its department stores. These non-cancellable subleases have remaining lease terms of between 1 and 14 years (2012: 1 and 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:

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Not later than one year	16,479	18,705
Later than one year and not later than five years	6,762	20,055
Later than five years	3,757	–
	26,998	38,760

(d) Finance lease commitments

The Group has finance leases for certain items of motor vehicles. There are no terms of renewal, purchase options or escalation clauses included in the lease agreements.

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

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Minimum lease payments:		
Not later than one year, representing total minimum lease payments	–	5
Less: Amounts representing finance charges	–	–*
Present value of minimum lease payments	–	5

* This amount is less than SGD1,000

30. CONTINGENT LIABILITIES

On 25 April 2013, The Store (Terengganu) Sdn Bhd ("Plaintiff") has filed a claim against Parkson Corporation Sdn Bhd ("Defendant"), a wholly-owned subsidiary of the Company in respect of unlawful interference with the Plaintiff's tenancy agreement with a third party landlord. Amount claimed is subject to court ruling and is indeterminable at the reporting date. The subsidiary has been advised by its legal counsel that it has a strong case against the Plaintiff's claim and accordingly no provision for any liability has been made in these financial statements.

31. SEGMENT INFORMATION

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

(a) Malaysia

(b) Socialist Republic of Vietnam ("Vietnam")

(c) Republic of Indonesia ("Indonesia")

(d) Republic of the Union of Myanmar ("Myanmar")

(e) Kingdom of Cambodia ("Cambodia")

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

	Malaysia	Vietnam	Indonesia	Myanmar	Cambodia	Adjustments	Unallocated assets/ liabilities	Note	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*		*SGD'000*
2013									
Revenue:									
Sales to external customers	350,194	43,386	52,498	228	–	–	–		446,306
Segment results:									
Depreciation and amortisation expenses	(11,969)	(4,118)	(3,490)	(33)	–	–	–		(19,610)
Rental expenses	(66,755)	(20,522)	(13,651)	(121)	–	–	–		(101,049)
Finance income	3,942	1,908	187	–	–	202	–		6,239
Finance costs	(52)	(319)	–	–	–	–	–		(371)
Taxation	(11,878)	(1,752)	(1,362)	–	–	(83)	–		(15,075)
Segment profit	33,898	1,538	4,103	(164)	8	(1,302)	–	*A*	38,081
Assets:									
Additions to non-current assets	9,960	1,867	4,998	1,543	–	–	–	*B*	18,368
Segment assets	246,930	78,486	52,448	5,529	5,212	454	48,566	*C*	437,625
Segment liabilities	146,013	14,162	17,411	1,574	10	–	584	*D*	179,754

	Malaysia	Vietnam	Indonesia	Cambodia	Adjustments	Unallocated assets/ liabilities	Note	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*		*SGD'000*
2012								
Revenue (Restated):								
Sales to external customers	338,803	40,440	54,232	–	–	–		433,475
Segment results (Restated):								
Depreciation and amortisation expenses	(12,095)	(3,335)	(3,333)	–	–	–		(18,763)
Rental expenses	(60,475)	(16,762)	(11,230)	–	–	–		(88,467)
Finance income	3,555	1,651	156	–	–	–		5,362
Finance costs	(96)	(372)	–	–	–	–		(468)
Taxation	(15,424)	(2,112)	(258)	–	–	–		(17,794)
Segment profit	37,409	3,862	3,436	291	(193)	–	*A*	44,805
Assets:								
Additions to non-current assets	11,692	7,398	10,161	–	–	–	*B*	29,251
Segment assets	209,314	81,377	43,206	5,226	–	77,501	*C*	416,624
Segment liabilities	144,238	15,268	15,726	13	–	603	*D*	175,848

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

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

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Grant of equity-settled share options to employees	–	(56)
Corporate expenses	(2,036)	(137)
Share of profit of an associate	734	–
	(1,302)	(193)

B Additions to non-current assets refer to additions to property, plant and equipment, land use rights and intangible assets.

C Unallocated corporate assets are added to the segment assets to arrive at "total assets" reported in the consolidated balance sheet.

D Unallocated corporate liabilities are added to the segment liabilities to arrive at "total liabilities" reported in the consolidated balance sheet.

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

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Malaysia	36,070	37,934
Vietnam	31,229	34,265
Indonesia	23,612	23,310
Myanmar	1,513	–
	92,424	95,509

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

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

	Group	
	2013	2012
	SGD'000	*SGD'000*
	Significant unobservable inputs (Level 3)	
Derivatives *(Note 18)*	21	21

Determination of fair value

Derivatives (Note 18): Fair value is determined using a valuation technique based on the probability of PCSB exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

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

Current trade and other receivables (Note 16), Current trade and other payables (Note 22), Other liabilities (Note 23) and Loans and borrowings (Note 24)

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

Non-current rental deposits receivables (Note 16) and Non-current rental deposits payables (Note 22)

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

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

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

	Group		Company	
	2013	2012	2013	2012
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Financial assets:				
Non-current:				
Loans to subsidiaries, at cost *(Note 16)*:				
Carrying amount	–	–	20,311	–
Fair value	–	–	*	–
Current:				
Equity instruments (unquoted), at cost *(Note 19)*:				
Carrying amount	93	93	–	–
Fair value	**	**	–	–

* *Loans to subsidiaries carried at cost*

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

** *Investment in equity instruments carried at cost*

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and to maintain sufficient levels of cash including short term deposits to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	**One to five years**	**Over five years**	**Total**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Group				
30 June 2013				
Financial assets				
Trade and other receivables	28,540	4,778	22,729	56,047
Derivatives	–	–	21	21
Cash and short-term deposits	176,830	–	–	176,830
Total undiscounted financial assets	205,370	4,778	22,750	232,898

	One year or less SGD'000	One to five years SGD'000	Over five years SGD'000	Total SGD'000
Financial liabilities				
Trade and other payables	147,443	5,711	1,311	154,465
Other liabilities	11,567	–	–	11,567
Total undiscounted financial liabilities	159,010	5,711	1,311	166,032
Total net undiscounted financial assets/(liabilities)	46,360	(933)	21,439	66,866
Group				
30 June 2012				
Financial assets				
Trade and other receivables	28,766	7,780	22,408	58,954
Derivatives	–	–	21	21
Cash and short-term deposits	190,346	–	–	190,346
Total undiscounted financial assets	219,112	7,780	22,429	249,321
Financial liabilities				
Trade and other payables	143,656	3,792	1,200	148,648
Other liabilities	11,793	–	–	11,793
Loans and borrowings	61	–	–	61
Total undiscounted financial liabilities	155,510	3,792	1,200	160,502
Total net undiscounted financial assets	63,602	3,988	21,229	88,819

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2013			
Financial assets			
Trade and other receivables	25,320	20,311	45,631
Cash and short-term deposits	21,373	–	21,373
Total undiscounted financial assets	46,693	20,311	67,004
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	581	–	581
Total net undiscounted financial assets	46,112	20,311	66,423

	One year or less SGD'000
Company	
30 June 2012	
Financial assets	
Trade and other receivables	33,957
Cash and short-term deposits	77,111
Total undiscounted financial assets	111,068
Financial liabilities	
Trade and other payables, representing total undiscounted financial liabilities	16,200
Total net undiscounted financial assets	94,868

(b) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Excessive risk concentration

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

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

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in Malaysia, Vietnam, Indonesia and Myanmar.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(c) Foreign currency risk

The Group's operations are primarily conducted in Malaysia, Vietnam and Indonesia in Malaysian Ringgit ("RM"), Vietnamese Dong ("VND") and Indonesian Rupiah ("IDR") respectively.

The Group's entities holds cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from non-trade purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group	
		2013	**2012**
		SGD'000	*SGD'000*
		Profit before tax	
USD against VND	– strengthened 3%	243	396
	– weakened 3%	(243)	(396)
USD against RM	– strengthened 3%	–	286
	– weakened 3%	–	(286)
SGD against RM	– strengthened 3%	621	2,534
	– weakened 3%	(621)	(2,534)

34. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2013 and 30 June 2012.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's guideline is to keep the gearing ratio below 50%. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and short-term deposits. Capital consists of equity attributable to owners of the Company.

	Group	
	2013	**2012**
	SGD'000	*SGD'000*
Trade and other payables *(Note 22)*	154,814	150,676
Other liabilities *(Note 23)*	23,256	23,234
Loans and borrowings *(Note 24)*	–	61
Less: Cash and short-term deposits *(Note 21)*	(176,830)	(190,346)
Net debt/(net cash)	1,240	(16,375)
Equity attributable to the owners of the Company, representing total capital	255,385	237,824
Capital and net debt	256,625	221,449
Gearing ratio	0.5%	N.A.*

* As at 30 June 2012, there was no gearing ratio as the Group was in a net cash position.

35. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

The items are restated as follows:

	Group		
	As previously reported	**Adjustments**	**As restated**
	SGD'000	*SGD'000*	*SGD'000*
Consolidated income statement:			
Revenue	442,276	(8,801)	433,475
Other income	8,825	573	9,398
Employee benefits expense	(46,646)	(418)	(47,064)
Promotional and advertising expenses	(9,031)	(1,680)	(10,711)
Rental expenses	(84,314)	(4,153)	(88,467)
Other expenses	(61,456)	14,479	(46,977)
	249,654	–	249,654
Balance sheets:			
Non-current:			
Other receivables	27,211	(3,120)	24,091
Prepayments	11,592	2,575	14,167
Current:			
Trade and other receivables	28,766	545	29,311
	67,569	–	67,569

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 12 September 2013, Parkson Corporation Sdn Bhd, a wholly-owned subsidiary of the Company, has incorporated a wholly-owned subsidiary in Vietnam known as Parkson SGN Co Ltd ("Parkson SGN"). The charter capital of Parkson SGN is VND93,726,000,000 (SGD5,633,000). The principal activity of Parkson SGN is that of operating of retail stores.

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2013 were authorised for issue in accordance with a resolution of the directors on 23 September 2013.

(ii) The following is the independent auditor's report issued by Ernst & Young LLP dated 23 September 2014 and the audited financial statements of the Target Group for the year ended 30 June 2014, all of which have been published on the website of the Singapore Exchange Limited (www.sgx.com) and of the Target Group (www.parkson.com.sg).

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 30 June 2014
Independent Auditor's Report to the Members of Parkson Retail Asia Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 45 to 129, which comprise the balance sheets of the Group and the Company as at 30 June 2014, the statement of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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 profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 30 June 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

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 the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore
23 September 2014

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2014

(Amounts expressed in Singapore Dollars)

	Note	**2014**	**2013**
		SGD'000	*SGD'000*
			(Restated)
Revenue	*4*	432,037	446,728
Other items of income			
Finance income	*5*	6,973	5,817
Other income	*6*	7,014	6,592
Items of expense			
Changes in merchandise inventories and consumables		(167,449)	(181,731)
Employee benefits expense	*7*	(49,525)	(47,588)
Depreciation and amortisation expenses		(20,365)	(19,610)
Promotional and advertising expenses		(9,392)	(9,139)
Rental expenses		(103,308)	(101,049)
Finance costs	*5*	(674)	(363)
Other expenses		(49,916)	(47,401)
Share of results of an associate		879	269
Profit before tax	*8*	46,274	52,525
Income tax expense	*9*	(13,697)	(15,034)
Profit for the year		32,577	37,491
Profit for the year attributable to:			
Owners of the Company		34,901	39,048
Non-controlling interests		(2,324)	(1,557)
		32,577	37,491
Earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	*10*	5.15	5.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2014

(Amounts expressed in Singapore Dollars)

	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Profit for the year	32,577	37,491
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan, net of tax	54	821
Share of results of an associate	(33)	(75)
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(12,455)	(1,792)
	(12,434)	(1,046)
Total comprehensive income for the year	20,143	36,445
Attributable to:		
Owners of the Company	22,475	38,051
Non-controlling interests	(2,332)	(1,606)
	20,143	36,445

BALANCE SHEETS
As at 30 June 2014
(Amounts expressed in Singapore Dollars)

	Note	Group			Company	
		30.6.2014	**30.6.2013**	**1.7.2012**	**30.6.2014**	**30.6.2013**
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
			(Restated)	**(Restated)**		
ASSETS						
Non-current assets						
Property, plant and equipment	*13*	89,522	77,046	79,502	–	–
Land use right	*14*	7,913	8,173	8,494	–	–
Investments in subsidiaries	*11*	–	–	–	148,440	153,122
Investment in an associate	*12*	26,539	27,071	–	26,074	27,157
Deferred tax assets	*15*	3,805	2,097	848	–	–
Other receivables	*16*	24,876	23,823	24,091	32,135	20,311
Prepayments		13,576	19,560	14,167	–	–
Intangible assets	*17*	5,737	7,205	7,513	–	–
Derivatives	*18*	20	21	21	–	–
Investment securities	*19*	91	93	93	–	–
		172,079	165,089	134,729	206,649	200,590
Current assets						
Inventories	*20*	63,628	58,209	58,231	–	–
Trade and other receivables	*16*	23,514	29,130	29,311	27,493	25,320
Prepayments		6,126	3,779	3,035	22	–
Tax recoverable		2,515	4,033	1,226	–	–
Cash and short-term deposits	*21*	150,881	176,830	190,346	3,514	21,373
		246,664	271,981	282,149	31,029	46,693
Total assets		418,743	437,070	416,878	237,678	247,283
EQUITY AND LIABILITIES						
Current liabilities						
Trade and other payables	*22*	141,869	146,451	143,656	762	581
Other liabilities	*23*	26,995	23,256	23,234	–	–
Loans and borrowings		–	–	61	–	–
Tax payable		790	1,529	1,329	–	–
		169,654	171,236	168,280	762	581
Net current assets		77,010	100,745	113,869	30,267	46,112
Non-current liabilities						
Other payables	*22*	10,094	8,397	8,034	–	–
Deferred tax liabilities	*15*	176	155	548	–	–
		10,270	8,552	8,582	–	–
Total liabilities		179,924	179,788	176,862	762	581
Net assets		238,819	257,282	240,016	236,916	246,702

	Note	Group			Company	
		30.6.2014	**30.6.2013**	**1.7.2012**	**30.6.2014**	**30.6.2013**
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
			(Restated)	**(Restated)**		
Equity attributable to owners of the Company						
Share capital	*24*	231,676	231,676	231,676	231,676	231,676
Other reserves	*25*	(150,337)	(137,890)	(136,147)	(11,710)	(4,250)
Retained earnings		157,326	161,010	141,535	16,950	19,276
		238,665	254,796	237,064	236,916	246,702
Non-controlling interests		154	2,486	2,952	–	–
Total equity		238,819	257,282	240,016	236,916	246,702
Total equity and liabilities		418,743	437,070	416,878	237,678	247,283

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 30 June 2014

(Amounts expressed in Singapore Dollars)

		Attributable to owners of the Company				
	Equity, total	Equity attributable to owners of the Company, total	Share capital *(Note 24)*	Retained earnings	Other reserves *(Note 25)*	Non-controlling interests
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group						
Opening balance at 1 July 2013						
– As previously reported	257,871	255,385	231,676	161,614	(137,905)	2,486
– Effects of adoption of revised FRS19	(880)	(880)	–	(895)	15	–
– Adjustment on investment in an associate	(455)	(455)	–	(455)	–	–
– Remeasurement of defined benefit plan, net of tax	821	821	–	821	–	–
– Share of results of an associate	(75)	(75)	–	(75)	–	–
– As restated	257,282	254,796	231,676	161,010	(137,890)	2,486
Profit for the year	32,577	34,901	–	34,901	–	(2,324)
Other comprehensive income						
Foreign currency translation	(12,455)	(12,447)	–	–	(12,447)	(8)
Remeasurement of defined benefit plan, net of tax	54	54	–	54	–	–
Share of results of an associate	(33)	(33)	–	(33)	–	–
	(12,434)	(12,426)	–	21	(12,447)	(8)
Total comprehensive income for the year	20,143	22,475	–	34,922	(12,447)	(2,332)
Contributions by and distributions to owners						
Dividends on ordinary shares *(Note 26)*, representing total transactions with owners in their capacity as owners	(38,606)	(38,606)	–	(38,606)	–	–
Closing balance at 30 June 2014	238,819	238,665	231,676	157,326	(150,337)	154

	Equity, total	Equity attributable to owners of the Company, total	Share capital *(Note 24)*	Retained earnings	Other reserves *(Note 25)*	Non-controlling interests
		Attributable to owners of the Company				
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group						
Opening balance at 1 July 2012						
– As previously reported	240,776	237,824	231,676	142,295	(136,147)	2,952
– Effects of adoption of revised FRS19	(760)	(760)	–	(760)	–	–
– As restated	240,016	237,064	231,676	141,535	(136,147)	2,952
Profit for the year						
– As previously reported	38,081	39,638	–	39,638	–	(1,557)
– Effects of adoption of revised FRS19	(135)	(135)	–	(135)	–	–
– Adjustment on investment in associate *(Note 33)*	(455)	(455)	–	(455)	–	–
– As restated	37,491	39,048	–	39,048	–	(1,557)
Other comprehensive income						
Foreign currency translation						
– As previously reported	(1,807)	(1,758)	–	–	(1,758)	(49)
– Effects of adoption of revised FRS19	15	15	–	–	15	–
– As restated	(1,792)	(1,743)	–	–	(1,743)	(49)
Remeasurement of defined benefit plan, net of tax	821	821	–	821	–	–
Share of results of an associate	(75)	(75)	–	(75)	–	–
	(1,046)	(997)	–	746	(1,743)	(49)
Total comprehensive income for the year	36,445	38,051	–	39,794	(1,743)	(1,606)
Contributions by and distributions to owners						
Dividends on ordinary shares *(Note 26)*	(20,319)	(20,319)	–	(20,319)	–	–
Contributions by non-controlling interests	1,140	–	–	–	–	1,140
Total transactions with owners in their capacity as owners	(19,179)	(20,319)	–	(20,319)	–	1,140
Closing balance at 30 June 2013						
– As previously reported	257,871	255,385	231,676	161,614	(137,905)	2,486
– Effects of adoption of revised FRS19	(880)	(880)	–	(895)	15	–
– Adjustment on investment in an associate *(Note 33)*	(455)	(455)	–	(455)	–	–
– Remeasurement of defined benefit plan, net of tax	821	821	–	821	–	–
– Share of results of an associate	(75)	(75)	–	(75)	–	–
– As restated	257,282	254,796	231,676	161,010	(137,890)	2,486

	Equity, total *SGD'000*	Share capital *(Note 24)* *SGD'000*	Retained earnings *SGD'000*	Other reserves *(Note 25)* *SGD'000*
Company				
Opening balance at 1 July 2013	246,702	231,676	19,276	(4,250)
Profit for the year	36,280	–	36,280	–
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	(7,460)	–	–	(7,460)
Total comprehensive income for the year	28,820	–	36,280	(7,460)
Distributions to owners				
Dividends on ordinary shares *(Note 26)*, representing total transactions with owners in their capacity as owners	(38,606)	–	(38,606)	–
Closing balance at 30 June 2014	236,916	231,676	16,950	(11,710)
Opening balance at 1 July 2012	250,374	231,676	21,224	(2,526)
Profit for the year	18,371	–	18,371	–
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	(1,724)	–	–	(1,724)
Total comprehensive income for the year	16,647	–	18,371	(1,724)
Distributions to owners				
Dividends on ordinary shares *(Note 26)*, representing total transactions with owners in their capacity as owners	(20,319)	–	(20,319)	–
Closing balance at 30 June 2013	246,702	231,676	19,276	(4,250)

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2014

(Amounts expressed in Singapore Dollars)

	Note	**2014** *SGD'000*	**2013** *SGD'000* **(Restated)**
Operating activities			
Profit before tax		46,274	52,525
Adjustments for:			
Depreciation of property, plant and equipment	*13*	19,638	18,905
Amortisation of intangible assets	*17*	596	574
Amortisation of land use right	*14*	131	131
Allowance/(write-back) for doubtful trade and other receivables, net		1,126	(108)
Unrealised exchange (gain)/loss		(266)	584
Net benefit expense/(income) from defined benefit plan	*22*	98	(388)
Property, plant and equipment written off		88	194
Impairment of property, plant and equipment		540	–
Gain on disposal of property, plant and equipment		(50)	(12)
Amortisation of deferred lease expense	*16*	2,197	1,043
Amortisation of deferred lease income	*22*	(699)	(500)
Income from expired gift vouchers		(1,025)	(1,045)
Share of results of an associate		(879)	(269)
Dividend income from investment securities		–	(84)
Finance costs		674	363
Finance income		(6,973)	(5,817)
Operating cash flows before changes in working capital		61,470	66,096
Changes in working capital:			
Decrease/(increase) in:			
Inventories		(7,597)	296
Trade and other receivables		(241)	2,719
Prepayments		948	(9,279)
Increase in:			
Trade and other payables		2,975	3,538
Other liabilities		6,005	944
Cash flows from operations		63,560	64,314
Interest received		6,668	4,544
Interest paid		(132)	(2)
Income taxes paid		(14,510)	(19,012)
Net cash flows from operating activities		55,586	49,844

	Note	2014 SGD'000	2013 SGD'000 (Restated)
Investing activities			
Proceeds from disposal of property, plant and equipment		226	33
Purchase of property, plant and equipment	A	(37,960)	(17,004)
Additions to intangible assets		(315)	(517)
Investment in an associate		–	(27,364)
Dividend income from investment securities		–	84
Dividend income from an associate		295	280
Net cash flows used in investing activities		(37,754)	(44,488)
Financing activities			
Repayment of finance lease obligations		–	(5)
Dividends paid on ordinary shares	26	(38,606)	(20,319)
Contributions by non-controlling interests		–	1,140
Net cash flows used in financing activities		(38,606)	(19,184)
Net decrease in cash and cash equivalents		(20,774)	(13,828)
Effect of exchange rate changes on cash and cash equivalents		(5,175)	368
Cash and cash equivalents at 1 July		176,830	190,290
Cash and cash equivalents at 30 June	21	150,881	176,830

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	2014 SGD'000	2013 SGD'000
Current year additions to property, plant and equipment	13	37,332	17,851
Less: Payable to creditors	22	(713)	(1,341)
		36,619	16,510
Add: Payments for prior year purchase		1,341	494
Net cash outflow for purchase of property, plant and equipment		37,960	17,004

NOTES TO THE FINANCIAL STATEMENTS
For the Financial year ended 30 June 2014

1. CORPORATE INFORMATION

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

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

– Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia;

– 35 Bis – 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;

– TD Plaza Building, Cat Bi T Junction Urban Area, Hai Phong City, Vietnam;

– Hung Vuong Plaza, No. 126 Hung Vuong Street, Ward 12, District 5 Ho Chi Minh City, Vietnam;

– Viet Tower Building, 198B Tay Son Street, Dong Da District, Hanoi, Vietnam;

– Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten, Indonesia; and

– No. 380 Bogyoke Aung San Road, FMI Centre, Pabedan Township, Yangon, Myanmar.

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

The principal activity of the Company is that of investment holding. The principal activities of the subsidiaries are disclosed in Note 11.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD"). All values in the table are rounded to the nearest thousand (SGD'000) as indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2013. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company except for those as discussed below:

Revised FRS 19 Employee Benefits

On 1 July 2013, the Group adopted the Revised FRS 19 Employee Benefits.

For defined benefit plans, the revised FRS 19 requires all actuarial gains and losses to be recognised in other comprehensive income and unvested past service costs to be recognised immediately in profit or loss when incurred.

Prior to adoption of the revised FRS 19, the Group recognised actuarial gains and losses as income or expense when the net cumulative unrecognised gains and losses for each individual plan at the end of the previous period exceeded 10% of the higher of the defined benefit obligation and the fair value of the plan assets and recognised unvested past service costs as an expense on a straight-line basis over the average vesting period until the benefits become vested. Upon adoption of the revised FRS 19, the Group changed its accounting policy to recognise all actuarial gains and losses in other comprehensive income and all past service costs in profit or loss in the period they occur.

The revised FRS 19 replaced the interest cost and expected return on plan assets with the concept of net interest on defined benefit liability or asset which is calculated by multiplying the net balance sheet defined benefit liability or asset by the discount rate used to measure the employee benefit obligation, each as at the beginning of the annual period.

The changes in accounting policies have been applied retrospectively. The effects of adoption on the comparative figures are disclosed in Note 33. The Group has determined that it is impractical to determine the amount of the adjustment for the current period upon adoption of the revised FRS 19.

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
Revised FRS 27 *Separate Financial Statements*	1 January 2014
Revised FRS 28 *Investments in Associates and Joint Ventures*	1 January 2014
FRS 110 *Consolidated Financial Statements*	1 January 2014
FRS 111 *Joint Arrangements*	1 January 2014
FRS 112 *Disclosure of Interests in Other Entities*	1 January 2014
Amendments to FRS 32 *Offsetting Financial Assets and Financial Liabilities*	1 January 2014
Amendments to FRS 36 Recoverable Amount Disclosures for Non-financial Assets	1 January 2014
FRS 110, FRS 111 and FRS 112 Amendments to the transition guidance of FRS 110 Consolidated Financial Statements, FRS 111 Joint Arrangements and FRS 112 Disclosure of Interests in Other Entities	1 January 2014
FRS 110, FRS 112 and FRS 27 Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities	1 January 2014
INT FRS 120 Amendments to FRS 110, FRS 112 and FRS 27: Investment Entities	1 January 2014
Amendments to FRS 19 Defined Benefits Plans: Employee Contributions	1 July 2014
Improvements to FRS 2014:	
– Amendments to FRS 16 Property, Plant and Equipment	1 July 2014
– Amendments to FRS 24 Related Party Disclosures	1 July 2014
– Amendment to FRS 113 Fair Value Measurement	1 July 2014

Except for FRS 112, the directors expect that the adoption of the other standards above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of FRS 112 are described below.

FRS 112 Disclosure of Interests in Other Entities

FRS 112 Disclosure of Interests in Other Entities is effective for financial periods beginning on or after 1 January 2014.

FRS 112 is a new and comprehensive standard on disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles. FRS 112 requires an entity to disclose information that helps users of its financial statements to evaluate the nature and risks associated with its interests in other entities and the effects of those interests on its financial statements. As this is a disclosure standard, it will have no impact to the financial position and financial performance of the Group when applied in the financial year ending 30 June 2015.

2.4 Basis of 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.

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

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

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

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

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

(b) Business combinations

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

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

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 accordance with FRS 39 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it is not to be remeasured until it is finally settled within equity.

In business combinations achieved in stages, previously held equity interests in the acquiree are remeasured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

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

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

2.5 Transactions with non-controlling interests

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

2.6 Functional and foreign currency

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

(a) Transactions and balances

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

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated and separate financial statements

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

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

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. The cost includes the cost of replacing part of the property, plant and equipment and borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying property, plant and equipment. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Buildings	25 years
Renovation	2 – 10 years
Furniture, fittings and equipment	1 – 10 years
Motor vehicles	4 – 7 years

Capital work-in-progress is not depreciated as it is not yet available for use.

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

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

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

2.8 Intangible assets

(a) Goodwill

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

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

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

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

Goodwill and fair value adjustments which arose on acquisitions of foreign operations before 1 January 2005 are deemed to be assets and liabilities of the Company and are recorded in SGD at the exchange rates prevailing at the date of acquisition.

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

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

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

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

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

(i) Club memberships

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

(ii) Customer relationships

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

(iii) Software

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

(iv) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures for online retail website are recognised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during the development.

Following initial recognition of the deferred development costs as an intangible asset, it is carried at cost less accumulated amortisation and any accumulated impairment losses. Amortisation of the intangible asset begins when development is complete and the asset is available for use. Deferred development costs have a finite useful life and are amortised over the period of expected usage (i.e. 3 years) on a straight line basis.

2.9 Land use right

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

2.10 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

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

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase.

2.11 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities.

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

2.12 Associate

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is carried in the balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment and is neither amortised nor tested individually for impairment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is included as income in the determination of the Group's share of results of the associate in the period in which the investment is acquired.

The profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised in other comprehensive income by the associate, the Group recognises its share of such changes in other comprehensive income. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associates.

The Group's share of the profit or loss of its associate is the profit attributable to equity holders of the associate and, therefore is the profit or loss after tax and non-controlling interests in the subsidiaries of associate.

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

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

For publicly listed associated company, it would not be practicable to ensure that their results are released prior to the results of the Group. Therefore, the Group accounts for its share of the results of its publicly listed associated company based on publicly-announced financial statements for the twelve months period ended 31 March 2014. This is applied on a consistent basis and adjustments are made for any significant events that occur between 1 April 2014 to 30 June 2014. As such, the Group will account for the results of publicly listed associated company with a time lag of 3 months.

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

2.13 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by FRS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

The Group has not designated any financial assets upon initial recognition at fair value through profit or loss.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

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

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement – financial liabilities at amortised cost

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

De-recognition

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

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets, when and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 Impairment of financial assets

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

(a) Financial assets carried at amortised cost

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

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

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

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

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

(b) Financial assets carried at cost

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

(c) Available-for-sale financial assets

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

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

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the

future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.16 Cash and cash equivalents

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

2.17 Inventories

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

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

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

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

2.18 Provisions

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

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

2.19 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) Defined benefit plan

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

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

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

2.20 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to 1 January 2005, the date of inception is deemed to be 1 January 2005 in accordance with the transitional requirements of INT FRS 104.

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.21(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding discounts, rebates, and sales taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for concessionaire sales of which it generates commission income. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

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

(b) Commissions from concessionaire sales

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

(c) Consultancy and management service fees

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

(d) Rental income

Rental income arising from operating leases on department stores is accounted for on a straight-line basis over the lease terms. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Revenue from customer loyalty award

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

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

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

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Royalty income

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

(h) Promotion income

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

2.22 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

– In respect of taxable temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

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

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

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

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

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

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

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

(c) Sales tax

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

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

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

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of trade and other receivables or trade and other payables in the balance sheet.

2.23 Segment reporting

The Group has a single operating segment, which is the operation and management of department stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 29, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.24 Share capital and share issue expenses

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

2.25 Contingencies

A contingent liability is:

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

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

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

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

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

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

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Judgements made in applying accounting policies

No critical judgements were made by management in the process of applying the Group's accounting policies.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements was prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in assumptions when they occur.

(a) Taxes

Significant estimation is involved in determining the 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. Details of income tax expense are disclosed in Note 9. The carrying amount of tax recoverable as at 30 June 2014 was SGD2,515,000 (2013: SGD4,033,000). The carrying amount of tax payable as at 30 June 2014 was SGD790,000 (2013: SGD1,529,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2014 were SGD3,805,000 (2013: SGD2,097,000) and SGD176,000 (2013: SGD155,000) respectively.

(b) Customer loyalty award

The Group allocates the consideration received from the sale of goods to the goods sold and the points issued under its loyalty programmes. The consideration allocated to the points issued is measured at their fair value. Fair value is determined inter alia by the following factors:

– the range of merchandise available to the customers;

– the prices at which the Group sells the merchandise which can be redeemed and the discounts available for these merchandise;

– changes in the popularity of the programmes; and

– changing patterns in the redemption rates.

Details of deferred revenue from customer loyalty award are disclosed in Note 23.

(c) Defined benefit plans

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. Further details are provided in Note 22.

(d) Useful lives of intangible assets

The cost of intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 3 to 99 years. Management estimates the useful lives of these intangible assets based on historical experience of the actual useful lives of assets with similar nature and functions, as well as the economic environment and the expected use of the assets acquired. Changes in the market demand or technological developments could impact the economic useful lives of these assets; therefore, future amortisation expenses could be revised. The carrying amount of the Group's intangible assets (excluding goodwill) at the end of the reporting period was SGD1,461,000 (2013: SGD1,963,000).

(e) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's goodwill at the end of the reporting period was SGD4,276,000 (2013: SGD5,242,000).

(f) Impairment of property, plant and equipment

The Group recognised impairment loss in respect of a subsidiary's property, plant and equipment. This requires an estimation of the value in use of the subsidiary's cash-generating unit to which the property, plant and equipment is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's property, plant and equipment at the end of the reporting period was SGD89,522,000 (2013: SGD77,046,000). Further details of the impairment loss recognised are disclosed in Note 13.

4. REVENUE

	Group 2014 *SGD'000*	2013 *SGD'000* **(Restated)**
Sale of goods – direct sales	210,298	223,358
Commissions from concessionaire sales	205,452	205,695
Consultancy and management service fees	1,044	1,231
Rental income	15,243	16,444
	432,037	446,728

5. FINANCE INCOME/COSTS

	Group 2014 *SGD'000*	2013 *SGD'000* **(Restated)**
Finance income		
Interest income on:		
– Short-term deposits and others	5,976	4,952
– Rental deposits receivables	997	865
	6,973	5,817
Finance costs		
Interest expense on:		
– Bank overdrafts	8	10
– Rental deposit payables	666	323
– Others	–	30
	674	363

6. OTHER INCOME

	Group 2014 *SGD'000*	2013 *SGD'000* **(Restated)**
Cash discount from suppliers	1,253	1,419
Promotion income	2,067	1,840
Income recognised from gift vouchers expired	1,025	1,045
Gain on disposal of property, plant and equipment	50	12
Dividend income	–	84
Others	2,619	2,192
	7,014	6,592

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Wages, salaries and bonuses	37,645	36,796
Contribution to defined contribution plans	3,452	3,298
Net benefit expense/(income) from defined benefit plan *(Note 22)*	98	(388)
Other staff related expenses	8,330	7,882
	49,525	47,588

Included in employee benefits expense of the Group are remuneration of directors and key management personnel as further disclosed in Note 27(b).

8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Audit fees:		
– Auditors of the Company	102	95
– Other auditors	354	328
Non-audit fees:		
– Auditors of the Company	–	–
– Other auditors	9	82
Total audit and non-audit fees	465	505
Depreciation of property, plant and equipment *(Note 13)*	19,638	18,905
Amortisation of land use right *(Note 14)*	131	131
Amortisation of intangible assets *(Note 17)*	596	574
Property, plant and equipment written off	88	194
Impairment of property, plant and equipment *(Note 13)*	540	–
Inventory shrinkages *(Note 20)*	1,159	2,380
Allowance/(write-back) for doubtful trade and other receivables, net *(Note 16)*	1,126	(108)
Exchange (gain)/loss:		
– Realised	(2)	(372)
– Unrealised	(266)	584
Operating lease expense *(Note 28(b))*:		
– Minimum lease payments	97,709	96,648
– Contingent lease payments	3,402	3,358
– Amortisation of deferred lease expense *(Note 16)*	2,197	1,043

9. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2014 and 2013 are as follows:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Consolidated income statement:		
– Current income taxation	15,281	17,020
– Under/(over) provision in respect of previous years	187	(102)
– Withholding taxes relating to foreign sourced income	151	79
	15,619	16,997
Deferred income tax		
– Origination and reversal of temporary differences	(1,814)	(554)
– Effect of change in tax rate on deferred tax	102	–
– Over provision in respect of previous years	(210)	(1,409)
	(1,922)	(1,963)
Income tax expense recognised in profit or loss	13,697	15,034
Statement of comprehensive income:		
Deferred tax expense related to other comprehensive income:		
– Re-measurement of defined benefit plan	18	274

(b) Relationship between income tax expense and accounting profit

A reconciliation between income tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the years ended 30 June 2014 and 2013 is as follows:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Profit before tax	46,274	52,525
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	9,012	13,614
Adjustments:		
– Non-deductible expenses	3,560	2,758
– Income not subject to taxation	(270)	(799)
– Income subject to different tax rates	(303)	(386)
– Effect of tax exemption	–	(451)
– Effect on opening deferred tax as a result of change in foreign income tax rate	102	–
– Deferred tax assets not recognised	1,468	1,709
– Under/(over) provision of current tax in respect of previous years	187	(102)
– Over provision of deferred tax in respect of previous years	(210)	(1,409)
– Withholding taxes relating to foreign sourced income	151	79
– Others	–	21
Income tax expense recognised in profit or loss	13,697	15,034

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

Parkson Corporation Sdn Bhd ("PCSB"), Kiara Innovasi Sdn Bhd ("Kiara Innovasi") and Parkson Online Sdn Bhd ("POSB")

The above companies are incorporated in Malaysia and are subjected to a tax rate of 25% for the financial year ended 30 June 2014 (2013: 25%).

Parkson Vietnam Co Ltd ("Parkson Vietnam"), Parkson Haiphong Co Ltd ("Parkson Haiphong"), Parkson Vietnam Management Services Co Ltd ("Vietnam Management"), Parkson Hanoi Co Ltd ("Parkson Hanoi") and Parkson SGN Co Ltd ("Parkson Saigon")

The above companies are incorporated in Vietnam and are subject to a tax rate of 22% for the financial year ended 30 June 2014 (2013: 25%).

PT. Tozy Sentosa

The above company is incorporated in Indonesia and is subjected to a tax rate of 25% for the financial year ended 30 June 2014 (2013: 25%).

Parkson Retail Asia Limited, Centro Retail Pte Ltd, Parkson Myanmar Pte Ltd, Parkson Myanmar Investment Co Pte Ltd and Parkson Myanmar Asia Pte Ltd

The above companies are incorporated in Singapore and are subjected to a tax rate of 17% for the financial year ended 30 June 2014 (2013: 17%).

Parkson Cambodia Holdings Co Ltd

The above company is incorporated in the British Virgin Islands and not required to pay taxes.

Parkson (Cambodia) Co Ltd

The above company is incorporated in Cambodia and is subjected to a tax rate of 20% for the financial year ended 30 June 2014 (2013: 20%).

Myanmar Parkson Company Ltd

The above company is incorporated in Myanmar and is subjected to a tax rate of 25% (2013: 25%).

10. EARNINGS PER SHARE

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

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

	Group	
	2014	**2013 (restated)**
Profit for the year attributable to owners of the Company (SGD'000)	34,901	39,048
Weighted average number of ordinary shares for basic earnings per share computation ('000)	677,300	677,300

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial years ended 30 June 2014 and 2013 are the same.

11. INVESTMENTS IN SUBSIDIARIES

	Company	
	2014	**2013**
	SGD'000	*SGD'000*
Shares, at cost	155,506	155,506
Exchange difference	(7,066)	(2,384)
	148,440	153,122

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Country of incorporation	Ownership interest 2014 %	2013 %
Held by the Company				
Parkson Corporation Sdn Bhd[(b)]	Operation of department stores	Malaysia	100	100
Centro Retail Pte Ltd[(a)]	Investment holding	Singapore	100	100
PT. Tozy Sentosa[(b)]	Operation of department stores, supermarkets and merchandising	Republic of Indonesia	100[(*)]	100[(*)]
Parkson Myanmar Co Pte Ltd[(a)]	Investment holding	Singapore	100	100
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[(b)]	Retailing and operation of a modern shopping centre	Socialist Republic of Vietnam	100	100
Parkson Haiphong Co Ltd[(b)]	Upgrade and leasing of retail space for establishment of a modern department store	Socialist Republic of Vietnam	100	100
Kiara Innovasi Sdn Bhd[(b)]	Operation of department stores	Malaysia	60	60
Parkson Online Sdn Bhd[(c)]	Online retailing	Malaysia	100	100
Parkson Cambodia Holdings Co Ltd[(c)]	Investment holding	British Virgin Islands	100	100
Parkson SGN Co Ltd[(c)(1)]	Retailing and operation of modern shopping centres	Socialist Republic of Vietnam	100	–
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd[(c)]	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Socialist Republic of Vietnam	100	100
Parkson Hanoi Co Ltd[(b)]	Retailing and operation of modern shopping centres	Socialist Republic of Vietnam	70	70
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd[(b)]	Operation of department stores	Kingdom of Cambodia	100	100
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd[(a)]	Investment holding	Singapore	70	70

Name of company	Principal activities	Country of incorporation	Ownership interest 2014	2013
			%	%
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd[(a)]	Investment holding	Singapore	100	100
Myanmar Parkson Company Limited[(c)]	Retailing and operation of a modern shopping centre	Republic of the Union of Myanmar	100[(**)]	100[(**)]

(a) Audited by Ernst & Young LLP, Singapore

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

(c) Not material to the Group and not required to be disclosed under SGX Listing Rule 717

(1) Incorporated on 12 September 2013 with a paid-up share capital of USD1,500,000

(*) 27.78% is held via Centro Retail Pte Ltd

(**) 10% is held via Parkson Myanmar Asia Pte Ltd

12. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2014	2013	2014	2013
	SGD'000	*SGD'000* **(Restated)**	*SGD'000*	*SGD'000*
Shares, at cost	27,024	27,346	27,024	27,346
Share of post-acquisition reserves	470	(81)	–	–
Exchange difference	(955)	(194)	(950)	(189)
	26,539	27,071	26,074	27,157
Fair value of investment in an associate for which there is published price quotation	28,728	28,852	28,728	28,852

Details of the associate are as follows:

Name of company	Principal activities	Country of incorporation	Ownership interest 2014	2013
			%	%
Odel PLC[(a)]	Retailing and operation of modern shopping centres	Sri Lanka	47.46	47.46

(a) Audited by Ernst & Young, Sri Lanka

In the previous financial year, the initial accounting for the acquisition of the associate had been provisionally determined. During the measurement period as defined in FRS 103 Business Combinations, management obtained new information about facts and circumstances that existed as at the date of acquisition. Accordingly, the Group's 2013 financial information has been restated to account for the share of fair value adjustments on assets and gain on bargain purchase. The effects of restatement are disclosed in Note 33.

The Group recognises its share of the associate's results based on the associate's audited financial statements drawn up to the most recent reporting date, which is 31 March 2014. The associated company, being listed on the Colombo Stock Exchange, is unable to release information other than those publicly published.

The summarised financial information of the associate as at 31 March 2014, not adjusted for the proportion of ownership interest held by the Group and Company, is as follows:

	2014	2013
	SGD'000	*SGD'000*
Assets and liabilities:		
Total assets	66,852	62,254
Total liabilities	(16,800)	(12,819)
Results:		
Revenue	44,183	43,622
Profit for the year	1,851	1,514

13. PROPERTY, PLANT AND EQUIPMENT

	Renovation	Buildings	Furniture and equipment	Motor vehicles	Capital work-in-progress	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
2014						
Group						
Cost						
At 1 July 2013	78,023	19,922	64,112	1,665	2,326	166,048
Additions	18,647	7	10,527	53	8,098	37,332
Disposals	–	–	(403)	(192)	–	(595)
Reclassification	1,120	(2)	486	–	(1,604)	–
Written off	(1,265)	(991)	(2,522)	–	–	(4,778)
Exchange differences	(4,858)	(320)	(2,434)	(102)	(367)	(8,081)
At 30 June 2014	91,667	18,616	69,766	1,424	8,453	189,926
Accumulated depreciation and impairment loss						
At 1 July 2013	43,118	5,064	39,861	959	–	89,002
Depreciation for the year	10,288	974	8,163	213	–	19,638
Impairment loss	540	–	–	–	–	540
Disposals	–	–	(277)	(142)	–	(419)
Written off	(1,200)	(991)	(2,499)	–	–	(4,690)
Exchange differences	(1,973)	(107)	(1,544)	(43)	–	(3,667)
At 30 June 2014	50,773	4,940	43,704	987	–	100,404
Net carrying amount	40,894	13,676	26,062	437	8,453	89,522
2013						
Group						
Cost						
At 1 July 2012	72,885	19,961	64,482	1,750	1,131	160,209
Additions	8,380	406	6,909	–	2,156	17,851
Disposals	(12)	–	(397)	(28)	–	(437)
Reclassification	543	–	393	–	(936)	–
Transfer to intangible asset *(Note 17)*	–	–	(142)	–	–	(142)
Written off	(3,214)	–	(7,236)	(39)	–	(10,489)
Exchange differences	(559)	(445)	103	(18)	(25)	(944)
At 30 June 2013	78,023	19,922	64,112	1,665	2,326	166,048

	Renovation *SGD'000*	Buildings *SGD'000*	Furniture and equipment *SGD'000*	Motor vehicles *SGD'000*	Capital work-in-progress *SGD'000*	Total *SGD'000*
Accumulated depreciation and impairment loss						
At 1 July 2012	36,548	4,030	39,342	787	–	80,707
Depreciation for the year	9,648	1,130	7,887	240	–	18,905
Disposals	(1)	–	(388)	(27)	–	(416)
Transfer to intangible asset *(Note 17)*	–	–	(32)	–	–	(32)
Written off	(3,158)	–	(7,098)	(39)	–	(10,295)
Exchange differences	81	(96)	150	(2)	–	133
At 30 June 2013	43,118	5,064	39,861	959	–	89,002
Net carrying amount	34,905	14,858	24,251	706	2,326	77,046

Capital work-in-progress

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

Impairment of assets

During the year, Parkson Hanoi Co Ltd ("Parkson Hanoi"), a subsidiary of the Group, carried out a review on the recoverable amount of the property, plant and equipment of its loss-making store in Hanoi, Vietnam. An impairment loss of SGD 540,000 (2013: nil) was recognised in profit or loss for the financial year ended 30 June 2014. The recoverable amount of property, plant and equipment was based on its value in use and the pre-tax discount rate used was 18%.

14. LAND USE RIGHT

	Group	
	2014 *SGD'000*	2013 *SGD'000*
Cost		
At 1 July	8,763	8,963
Exchange differences	(141)	(200)
At 30 June	8,622	8,763
Accumulated amortisation		
At 1 July	590	469
Amortisation for the year	131	131
Exchange differences	(12)	(10)
At 30 June	709	590
Net carrying amount	7,913	8,173
Amount to be amortised:		
– Not later than one year	131	131
– Later than one year but not later than five years	526	523
– Later than five years	7,256	7,519
	7,913	8,173

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 61 years and 6 months (2013: 62 years and 6 months).

15. DEFERRED TAX ASSETS/LIABILITIES

	At 1 July 2012 (Restated)	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	At 30 June 2013 (Restated)	Recognised in profit or loss	Recognised in other comprehensive income	Exchange differences	At 30 June 2014
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group									
Deferred tax assets:									
Difference in depreciation for tax purposes	651	5	–	(33)	623	1	–	(115)	509
Provision	2,013	1,944	(274)	(13)	3,670	2,949	(18)	(201)	6,400
	2,664	1,949	(274)	(46)	4,293	2,950	(18)	(316)	6,909
Deferred tax liabilities:									
Difference in depreciation for tax purposes	(2,060)	11	–	(22)	(2,071)	(1,083)	–	53	(3,101)
Others	(304)	3	–	21	(280)	55	–	46	(179)
	(2,364)	14	–	(1)	(2,351)	(1,028)	–	99	(3,280)
	300	1,963	(274)	(47)	1,942	1,922	(18)	(217)	3,629

	Group 2014	2013
	SGD'000	*SGD'000* (Restated)
Presented after appropriate offsetting as follows:		
Deferred tax assets	3,805	2,097
Deferred tax liabilities	(176)	(155)
	3,629	1,942

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD16,831,000 (2013: SGD8,228,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividend

There are no income tax consequences attached to the dividends to the shareholders proposed by the Company but not recognised as a liability in the financial statements (Note 26).

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2014	2013	2014	2013
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Current:				
Trade receivables	4,539	2,112	–	–
Credit card receivables	1,298	6,879	–	–
Other receivables:				
– VAT receivables	1,804	713	–	–
– Redemption of gift vouchers and merchandise	122	143	–	–
– Others	2,395	5,444	4	37
Rental deposits	1,500	2,192	–	–
Other deposits	10,630	10,771	–	–
Deferred lease expense	603	590	–	–
Amount due from subsidiaries (non-trade)	–	–	27,487	25,281
Amount due from ultimate holding company (non-trade)	1	14	–	–
Amount due from related companies (non-trade)	620	270	–	–
Amount due from an associate	2	2	2	2
	23,514	29,130	27,493	25,320
Non-current:				
Rental deposits	11,996	11,352	–	–
Deferred lease expenses	12,471	11,907	–	–
Other deposits	409	564	–	–
Loans to subsidiaries (non-trade)	–	–	32,135	20,311
	24,876	23,823	32,135	20,311
Total trade and other receivables (current and non-current)	48,390	52,953	59,622	45,631
Add: Cash and short-term deposits *(Note 21)*	150,881	176,830	3,514	21,373
Less:				
Deferred lease expenses	(13,074)	(12,497)	–	–
VAT receivables	(1,804)	(713)	–	–
Total loans and receivables	184,393	216,573	63,136	67,004

Trade receivables

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to SGD3,081,000 (2013: SGD1,647,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Less than 30 days	904	448
30 to 60 days	461	80
61 to 90 days	564	92
More than 90 days	1,152	1,027
	3,081	1,647

Trade and other receivables (current) that are impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Trade and other receivables – nominal amounts	1,473	358
Less: Allowance for impairment	(1,473)	(358)
	–	–
Movement in allowance accounts:		
At 1 July	358	471
Charge/(write-back) for the year, net	1,126	(108)
Exchange differences	(11)	(5)
At 30 June	1,473	358

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

Credit card receivables

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

Other receivables

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

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 24 years (2013: 1 to 17 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

During the year, an impairment loss of SGD 1,034,000 (2013: nil) was recognised in respect of the rental deposit of a closed store.

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
United States Dollar	6,652	6,258

Other deposits (current)

Included in "Other deposits" are deposits amounting to SGD9,931,000 (2013: SGD10,093,000) paid by Parkson Vietnam to the individual owners of two Vietnamese companies as well as to one of the Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own three Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies. These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

Deferred lease expenses (current and non-current)

Deferred lease expenses relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 1 to 24 years (2013: 1 to 17 years).

The movement in deferred lease expenses is as follows:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
At 1 July	12,497	12,690
Additions during the year	3,047	1,029
Recognised in profit or loss	(2,197)	(1,043)
Exchange differences	(273)	(179)
At 30 June	13,074	12,497

Amounts due from ultimate holding company/related companies/subsidiaries

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

Loans to subsidiaries

The outstanding balances are non-trade related, unsecured, repayable upon demand and are to be settled in cash. The settlement of loans to subsidiaries is not likely to occur in the foreseeable future. The loans to subsidiaries are non-interest bearing except for loan to one of the subsidiaries amounting to SGD25,380,000 (2013: SGD13,359,000), which bears interest at 9.55% (2013: 7.95%) per annum.

17. INTANGIBLE ASSETS

	Customer relationships	Goodwill	Club memberships	Software	Deferred development costs	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group						
Cost						
At 1 July 2012	1,498	5,548	101	256	470	7,873
Additions	–	–	–	517	–	517
Reclassification	–	–	–	470	(470)	–
Transfer from property, plant and equipment	–	–	–	142	–	142
Exchange differences	(77)	(306)	–	(11)	–	(394)
At 30 June 2013 and 1 July 2013	1,421	5,242	101	1,374	–	8,138
Additions	–	–	–	315	–	315
Exchange differences	(262)	(966)	(3)	(107)	–	(1,338)
At 30 June 2014	1,159	4,276	98	1,582	–	7,115
Accumulated amortisation and impairment loss						
At 1 July 2012	312	–	26	22	–	360
Additions	287	–	–	287	–	574
Transfer from property, plant and equipment	–	–	–	32	–	32
Exchange differences	(31)	–	–	(2)	–	(33)
At 30 June 2013 and 1 July 2013	568	–	26	339	–	933
Additions	246	–	–	350	–	596
Exchange differences	(119)	–	(1)	(31)	–	(151)
At 30 June 2014	695	–	25	658	–	1,378
Net carrying amount						
At 30 June 2013	853	5,242	75	1,035	–	7,205
At 30 June 2014	464	4,276	73	924	–	5,737

Customer relationships

Customer relationships arise from the Privilege Card loyalty programme that was acquired in a business combination. As disclosed in Note 2.8(b)(ii), customer relationships will be amortised over their estimated useful lives of 5 years and the remaining useful lives is 2 years.

Deferred development costs

Deferred development costs relate to the development costs for the online retail website. All research and development costs that are not eligible for capitalisation have been recognised in profit or loss. The online retail website has been completed and reclassified to software during the financial year ended 30 June 2013.

Amortisation expense

The amortisation of customer relationships, club memberships and software is included in the "Depreciation and amortisation expenses" line item in profit or loss.

Impairment testing of goodwill

Intangibles acquired through business combinations have been allocated to the cash-generating unit ("CGU") which is also the reportable geographical segment in Indonesia as described in Note 29. The operations in the Indonesia geographical segment are managed by one of the Company's subsidiary, PT Tozy Sentosa. The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 18.0% (2013: 11.0%) and 2.0% (2013: 4.3%) respectively.

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

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

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

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

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

During the financial years ended 30 June 2014 and 2013, no impairment loss for intangible assets were recognised in profit or loss.

18. DERIVATIVES

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Option to purchase additional shares in Kiara Innovasi[1], representing total financial assets at fair value through profit or loss	20	21

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

19. INVESTMENT SECURITIES

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Available-for-sale financial assets:		
Equity instruments (unquoted), at cost	91	93

20. INVENTORIES

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Balance sheet:		
Merchandise inventories	63,594	58,173
Consumables	34	36
	63,628	58,209
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	167,449	181,731
Inventory shrinkages	1,159	2,380

21. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2014	**2013**	**2014**	**2013**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Cash at bank and on hand	18,576	36,961	413	11,359
Short-term deposits placed with:				
– Licensed finance companies	45,018	73,118	–	–
– Licensed banks	87,287	66,751	3,101	10,014
Cash and cash equivalents	150,881	176,830	3,514	21,373

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short – term deposit rates. The weighted average effective interest rates for the Group and the Company as at 30 June 2014 were 3.05% (2013: 2.15%) and 0.33% (2013: 0.47%) respectively per annum.

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Singapore Dollar	3,276	20,932	3,276	20,932
United States Dollar	10,614	851	66	59
Sri Lanka Rupee	172	382	172	382

22. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	**2013**	**2014**	**2013**
	SGD'000	*SGD'000* **(Restated)**	*SGD'000*	*SGD'000*
Current:				
Trade payables	127,687	132,412	–	–
Payables to suppliers of property, plant and equipment	713	1,341	–	–
Other payables	11,189	10,116	403	220
Rental deposits	1,563	1,574	–	–
Deferred lease income	74	72	–	–
Amount due to ultimate holding company (non-trade)	–	372	–	–
Amount due to related companies (non-trade)	643	564	359	361
	141,869	146,451	762	581
Non-current:				
Rental deposits	4,237	4,429	–	–
Deferred lease income	3,975	2,548	–	–
Provision for severance allowance	125	20	–	–
Defined benefit plan	316	357	–	–
Other payables	1,441	1,043	–	–
	10,094	8,397	–	–
Total trade and other payables (current and non-current)	151,963	154,848	762	581
Add:				
Other liabilities *(Note 23)*	15,020	11,567	–	–
Less:				
Deferred lease income	(4,049)	(2,620)	–	–
Defined benefit plan	(316)	(357)	–	–
Provision for severance allowance	(125)	(20)	–	–
Total financial liabilities carried at amortised cost	162,493	163,418	762	581

Trade payables

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

Other payables

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

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

	Group and Company	
	2014	**2013**
	SGD'000	*SGD'000*
Singapore Dollar	120	220

Amounts due to ultimate holding company/related companies (non-trade)

The outstanding balances are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Non-current rental deposits have maturity ranging from 1 to 16 years (2013: 1 to 17 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
United States Dollar	1,584	–

Deferred lease income (current and non-current)

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the remaining lease terms ranging from 1 to 16 years (2013: 1 to 17 years). The movement in deferred lease income is as follows:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
At 1 July	2,620	2,743
Additions during the year	2,230	374
Recognised in profit or loss	(699)	(500)
Exchange differences	(102)	3
At 30 June	4,049	2,620

Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No.13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2014 are as follows:

Annual discount rate:	8.74%
Future annual salary increment:	8%
Retirement age:	55 years of age

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Current service cost	80	(508)
Interest cost on benefit obligations	18	121
Loss on settlement	–	(1)
Net benefit expense/(income) recognised in profit or loss	98	(388)

The estimated liabilities for employee benefits as at the financial years ended 30 June 2014 and 2013 are as follows:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Defined benefit obligations	411	571
Fair value of planned assets	(95)	(214)
Liabilities as at 30 June	316	357
Changes in the present value of the defined benefit obligations are as follows:		
Benefits obligations at 1 July	357	1,907
Recognised in profit or loss	98	(388)
Recognised in other comprehensive income	(72)	(1,095)
Exchange difference	(67)	(67)
Benefits obligations at 30 June	316	357

23. OTHER LIABILITIES

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Accrued operating expenses	12,608	9,775
Accrued staff costs	219	249
Others	2,193	1,543
	15,020	11,567
Deferred revenue from gift vouchers	8,685	8,003
Deferred revenue from customer loyalty award	3,290	3,686
	26,995	23,256

Deferred revenue from customer loyalty award

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
At 1 July	3,686	3,641
Additions during the year	2,237	2,233
Recognised in profit or loss	(2,244)	(2,103)
Exchange differences	(389)	(85)
At 30 June	3,290	3,686

24. SHARE CAPITAL

	Company			
	2014		2013	
	No. of shares		No. of shares	
	'000	*SGD'000*	*'000*	*SGD'000*
Issued and fully paid ordinary shares:				
At 1 July and 30 June	677,300	231,676	677,300	231,676

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

25. OTHER RESERVES

		Group		Company	
		2014	2013	2014	2013
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
			(Restated)		
Foreign currency translation reserve	*(a)*	(36,983)	(24,536)	(11,710)	(4,250)
Capital redemption reserve	*(b)*	1	1	–	–
Capital contribution from ultimate holding company	*(c)*	9,959	9,959	–	–
Merger reserve	*(d)*	(123,753)	(123,753)	–	–
Bargain purchase of non-controlling interests	*(e)*	439	439	–	–
		(150,337)	(137,890)	(11,710)	(4,250)

(a) Foreign currency translation reserve

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

	Group		Company	
	2014	2013	2014	2013
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
At 1 July	(24,536)	(22,793)	(4,250)	(2,526)
Foreign currency translation difference	(12,447)	(1,743)	(7,460)	(1,724)
At 30 June	(36,983)	(24,536)	(11,710)	(4,250)

(b) Capital redemption reserve

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

(c) Capital contribution from ultimate holding company

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

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 30 June 2014, no options under the Parkson Retail ESOS have been granted. Due to the adoption of the Parkson Retail ESOS, the options held by the eligible employees of the Group under the PHB ESOS were terminated on 31 May 2012 in accordance with the relevant Bylaw of the PHB ESOS which do not allow participation in other company's option scheme. Accordingly, the exercise period for the options under the PHB ESOS granted to the employees of the Group that were due to expire on 6 May 2013 were terminated on 31 May 2012.

(d) Merger reserve

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

(e) Bargain purchase of non-controlling interests

This represents the difference between the carrying value of the non-controlling interests acquired and the fair value of the consideration paid which is recognised directly in equity.

26. DIVIDENDS

	Company	
	2014	**2013**
	SGD'000	*SGD'000*
Declared and paid during the financial year:		
Interim exempt (one-tier) dividend for 2014:		
SGD0.03 per ordinary share	(20,319)	–
Final exempt (one-tier) dividend for 2013:		
SGD0.027 (2012: SGD0.03) per ordinary share	(18,287)	(20,319)
	(38,606)	(20,319)
Proposed and not recognised as a liability as at 30 June:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2014:		
SGD0.025 (2013: SGD0.027) per ordinary share	16,933	18,287

27. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Sale of gift vouchers to director related companies:		
– Amsteel Mills Marketing Sdn Bhd	83	63
– Amsteel Mills Sdn Bhd	33	6
– Megasteel Sdn Bhd	3	216
– Posim Petroleum Marketing Sdn Bhd	3	14
– Lion Industries Corporation Sdn Bhd	2	–
– Festival City Sdn Bhd	41	–
	165	299
Purchase of goods and services from director related companies:		
– Secom (Malaysia) Sdn Bhd	300	267
– Posim Marketing Sdn Bhd	706	379
– Posim EMS Sdn Bhd	663	331
– Lion Trading & Marketing Sdn Bhd	177	153
– WatchMart (M) Sdn Bhd	181	237
– PT Monica Hijaulestari	3,971	3,923
– Bonuskad Loyalty Sdn Bhd	4,126	4,527
– Brands Pro Management Sdn Bhd	163	–
	10,287	9,817
Purchase of goods and services from a subsidiary of the ultimate holding company:		
– Park Avenue Fashion Sdn Bhd	1	8
Sale of goods and services to director related companies:		
– Bonuskad Loyalty Sdn Bhd	6,166	6,406
Rental of office space from a director related company:		
– Visionwell Sdn Bhd	81	54
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya:		
– PT Tozy Bintang Sentosa	258	300

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Rental of retail space from a subsidiary of the ultimate holding company:		
– Festival City Sdn Bhd	1,875	1,942
Royalty expense to a subsidiary of the ultimate holding company:		
– Smart Spectrum Limited	190	192

(b) Compensation of key management personnel

	2014	2013
Short-term employee benefits	2,321	2,475
Contribution to defined contribution plans	170	156
	2,491	2,631
Comprise amounts paid to:		
Directors of the Company	1,594	1,676
Other key management personnel	897	955
	2,491	2,631

No employee share options were granted to key management personnel during the financial years ended 30 June 2014 and 2013.

(c) Financial support to Parkson Hanoi Co Ltd ("Parkson Hanoi")

The controlling and non-controlling interests of Parkson Hanoi have represented that they will provide continued financial support to the extent that Parkson Hanoi will be able to meet its liabilities as and when they fall due during the next twelve months period from the date of this report.

28. COMMITMENTS

(a) Capital commitments

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Capital commitments in respect of property, plant and equipment	1,867	2,775

(b) Operating lease commitments – as lessee

In addition to the land use right disclosed in Note 14, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 23 years (2013: 1 and 24 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

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

Minimum lease payments, contingent rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial years ended 30 June 2014 and 2013 are disclosed in Note 8.

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Not later than one year	78,118	65,795
Later than one year and not later than five years	196,957	161,486
Later than five years	224,520	296,780
	499,595	524,061

(c) Operating lease commitments – as lessor

The Group has entered into commercial subleases on its department stores. These non-cancellable subleases have remaining lease terms of between 1 and 13 years (2013: 1 and 14 years) with terms of renewal included in the contracts.

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Not later than one year	16,765	16,477
Later than one year and not later than five years	21,187	6,655
Later than five years	3,434	3,757
	41,386	26,889

29. SEGMENT INFORMATION

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

(a) Malaysia

(b) Socialist Republic of Vietnam ("Vietnam")

(c) Republic of Indonesia ("Indonesia")

(d) Republic of the Union of Myanmar ("Myanmar")

(e) Kingdom of Cambodia ("Cambodia")

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

	Malaysia	**Vietnam**	**Indonesia**	**Myanmar**	**Cambodia**	**Adjustments**	**Unallocated assets/ liabilities**	*Note*	**Total**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*		*SGD'000*
2014									
Revenue:									
Sales to external customers	333,741	42,761	53,748	1,787	–	–	–		432,037
Segment results:									
Depreciation and amortisation expenses	(12,243)	(4,291)	(3,561)	(270)	–	–	–		(20,365)
Impairment of property, plant and equipment	–	(540)	–	–	–	–	–		(540)
Rental expenses	(64,762)	(22,001)	(15,548)	(997)	–	–	–		(103,308)
Finance income	5,231	1,322	385	–	–	35	–		6,973
Finance costs	(132)	(542)	–	–	–	–	–		(674)
Taxation	(13,493)	(33)	(2)	–	–	(169)	–		(13,697)
Segment profit	33,683	(2,347)	2,699	(959)	(14)	(485)	–	*A*	32,577
Assets:									
Additions to non-current assets	15,300	3,185	18,755	407	–	–	–	*B*	37,647
Segment assets	242,994	73,143	63,403	3,807	5,314	–	30,082	*C*	418,743
Segment liabilities	142,773	16,455	19,157	761	11	–	767	*D*	179,924

	Malaysia	**Vietnam**	**Indonesia**	**Myanmar**	**Cambodia**	**Adjustments**	**Unallocated assets/ liabilities**	*Note*	**Total**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*		*SGD'000*
2013									
Revenue:									
Sales to external customers	350,194	43,808	52,498	228	–	–	–		446,728
Segment results:									
Depreciation and amortisation expenses	(11,969)	(4,118)	(3,490)	(33)	–	–	–		(19,610)
Rental expenses	(66,755)	(20,522)	(13,651)	(121)	–	–	–		(101,049)
Finance income	3,942	1,486	187	–	–	202	–		5,817
Finance costs	(52)	(311)	–	–	–	–	–		(363)
Taxation	(11,878)	(1,752)	(1,321)	–	–	(83)	–		(15,034)
Segment profit	33,898	1,538	3,978	(164)	8	(1,767)	–	*A*	37,491
Assets:									
Additions to non-current assets	9,960	1,867	4,998	1,543	–	–	–	*B*	18,368
Segment assets	246,930	78,486	52,433	5,529	5,212	(86)	48,566	*C*	437,070
Segment liabilities	146,013	14,162	17,445	1,574	10	–	584	*D*	179,788

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

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Corporate expenses	(1,364)	(2,036)
Share of profit of an associate	879	269
	(485)	(1,767)

B Additions to non-current assets refer to additions to property, plant and equipment, land use rights and intangible assets.

C Unallocated corporate assets are added to the segment assets to arrive at "total assets" reported in the consolidated balance sheet.

D Unallocated corporate liabilities are added to the segment liabilities to arrive at "total liabilities" reported in the consolidated balance sheet.

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

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
Malaysia	37,851	36,070
Vietnam	29,042	31,229
Indonesia	34,649	23,612
Myanmar	1,630	1,513
	103,172	92,424

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

30. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

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

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

- Level 3 – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
	Significant unobservable inputs (Level 3)	
Derivatives *(Note 18)*	20	21

Determination of fair value

Derivatives (Note 18): Fair value is determined using a valuation technique based on the probability of PCSB exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

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

Current trade and other receivables (Note 16), Current trade and other payables (Note 22) and Other liabilities (Note 23)

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

Non-current rental deposits receivables (Note 16) and Non-current rental deposits payables (Note 22)

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

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

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

	Group		Company	
	2014	**2013**	**2014**	**2013**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Financial assets:				
Non-current:				
Loans to subsidiaries, at cost *(Note 16)*:				
Carrying amount	–	–	32,135	20,311
Fair value	–	–	*	*

	Group		Company	
	2014	**2013**	**2014**	**2013**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Current:				
Equity instruments (unquoted), at cost *(Note 19)*:				
Carrying amount	91	93	–	–
Fair value	**	**	–	–

* *Loans to subsidiaries carried at cost*

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

** *Investment in equity instruments carried at cost*

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

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and to maintain sufficient levels of cash including short term deposits to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	One to five years	Over five years	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Group				
30 June 2014				
Financial assets				
Trade and other receivables	21,107	2,038	10,367	33,512
Derivatives	–	–	20	20
Cash and short-term deposits	150,881	–	–	150,881
Total undiscounted financial assets	171,988	2,038	10,387	184,413
Financial liabilities				
Trade and other payables	141,795	5,678	–	147,473
Other liabilities	15,020	–	–	15,020
Total undiscounted financial liabilities	156,815	5,678	–	162,493
Total net undiscounted financial assets/(liabilities)	15,173	(3,640)	10,387	21,920

	One year or less	One to five years	Over five years	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Group				
30 June 2013				
Financial assets				
Trade and other receivables	27,827	3,987	7,929	39,743
Derivatives	–	–	21	21
Cash and short-term deposits	176,830	–	–	176,830
Total undiscounted financial assets	204,657	3,987	7,950	216,594
Financial liabilities				
Trade and other payables	146,379	4,741	731	151,851
Other liabilities	11,567	–	–	11,567
Total undiscounted financial liabilities	157,946	4,741	731	163,418
Total net undiscounted financial assets/(liabilities)	46,711	(754)	7,219	53,176

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2014			
Financial assets			
Trade and other receivables	27,493	32,135	59,628
Cash and short-term deposits	3,514	–	3,514
Total undiscounted financial assets	31,007	32,135	63,142
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	762	–	762
Total net undiscounted financial assets	30,245	32,135	62,380

	One year or less SGD'000	Over five years SGD'000	Total SGD'000
Company			
30 June 2013			
Financial assets			
Trade and other receivables	25,320	20,311	45,631
Cash and short-term deposits	21,373	–	21,373
Total undiscounted financial assets	46,693	20,311	67,004
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	581	–	581
Total net undiscounted financial assets	46,112	20,311	66,423

(b) Credit risk

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

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Excessive risk concentration

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

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

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in Malaysia, Vietnam, Indonesia and Myanmar.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(c) Foreign currency risk

The Group's operations are primarily conducted in Malaysia, Vietnam, Indonesia and Myanmar in Malaysian Ringgit ("RM"), Vietnamese Dong ("VND"), Indonesian Rupiah ("IDR") and Myanmar Kyat ("MMK") respectively.

The Group's entities holds cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from non-trade purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group	
		2014	**2013**
		SGD'000	*SGD'000*
		Profit before tax	
USD against VND	– strengthened 3%	145	243
	– weakened 3%	(145)	(243)
USD against RM	– strengthened 3%	196	–
	– weakened 3%	(196)	–
SGD against RM	– strengthened 3%	95	621
	– weakened 3%	(95)	(621)

32. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2014 and 30 June 2013.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's guideline is to keep the gearing ratio below 50%. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and short-term deposits. Capital consists of equity attributable to owners of the Company.

	Group	
	2014	**2013**
	SGD'000	*SGD'000*
		(Restated)
Trade and other payables *(Note 22)*	151,963	154,848
Other liabilities *(Note 23)*	26,995	23,256
Less: Cash and short-term deposits *(Note 21)*	(150,881)	(176,830)
Net debt	28,077	1,274
Equity attributable to the owners of the Company, representing total capital	238,665	254,796
Capital and net debt	266,742	256,070
Gearing ratio	10.5%	0.5%

33. COMPARATIVE FIGURES

As described in Note 2.2, the Group adopted the revised FRS 19 Employee Benefits at the beginning of the financial year. The adoption of the revised FRS 19 has resulted in the change in accounting policies which was applied retrospectively.

In addition, as described in Note 12, management obtained new information about facts and circumstances that existed as at the date of acquisition of the associate during the measurement period as defined in FRS 103 Business Combinations. Accordingly, the Group's 2013 financial information has been restated to account for the share of fair value adjustments on assets and gain on bargain purchase.

Certain comparative figures have been reclassified to conform to current year's presentation.

The effects of the above adjustment items are as follows:

	Group					
	As previously stated	**Effects of adoption of revised FRS 19**	**Share of fair value adjustments on associate's net assets**	**Gain on bargain purchase of an associate**	**Reclassification**	**Restated**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Consolidated income statement for the financial year ended 30 June 2013						
Revenue	446,306	–	–	–	422	446,728
Finance income	6,239	–	–	–	(422)	5,817
Other income	5,760	–	–	–	832	6,592
Employee benefits expense	(47,422)	(166)	–	–	–	(47,588)
Promotional and advertising expenses	(8,307)	–	–	–	(832)	(9,139)
Finance costs	(371)	–	–	–	8	(363)
Other expenses	(47,393)	–	–	–	(8)	(47,401)
Share of results of an associate	734	(10)	(944)	489	–	269
Income tax expense	(15,075)	41	–	–	–	(15,034)

	Group					
	As previously stated	**Effects of adoption of revised FRS 19**	**Share of fair value adjustments on associate's net assets**	**Gain on bargain purchase of an associate**	**Reclassification**	**Restated**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Consolidated statement of comprehensive income for the financial year ended 30 June 2013						
Other comprehensive income						
– Exchange differences on translating foreign operations	(1,807)	15	–	–	–	(1,792)
– Remeasurement of defined benefit plan, net of tax	–	821	–	–	–	821
– Share of results of an associate	–	10	(85)	–	–	(75)
Total comprehensive income for the year	36,274	711	(1,029)	489	–	36,445
Total comprehensive income for the year attributable to owners of the Company	37,880	711	(1,029)	489	–	38,051

	Group					
	As previously stated	Effects of adoption of revised FRS 19	Share of fair value adjustments on associate's net assets	Gain on bargain purchase of an associate	Reclassification	Restated
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Balance sheets as at 30 June 2013						
Non-current assets						
– Deferred tax assets	2,080	17	–	–	–	2,097
– Prepayments	18,586	–	–	–	974	19,560
– Investment in an associate	27,611	–	(1,029)	489	–	27,071
Current assets						
– Prepayments	4,785	–	–	–	(1,006)	3,779
Non-current liabilities						
– Other payables	7,299	66	–	–	1,032	8,397
Current liabilities						
– Trade and other payables	147,515	–	–	–	(1,064)	146,451
Equity attributable to owners of the Company						
– Other reserves – foreign currency translation reserve	(24,551)	15	–	–	–	(24,536)
Retained earnings	161,614	(64)	(1,029)	489	–	161,010
Balance sheets as at 1 July 2012						
Non-current assets						
– Deferred tax assets	594	254	–	–	–	848
Non-current liabilities						
– Other payables	7,020	1,014	–	–	–	8,034
Equity attributable to owners of the Company						
– Retained earnings	142,295	(760)	–	–	–	141,535

34. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 11 September 2014, Softlogic Holdings PLC together with Softlogic Retail (Private) Limited (collectively, "Softlogic") acquired 122,894,000 shares or 45.16% of the issued and paid up share capital in Odel PLC ("Odel") at prices between LKR21.80 and LKR22.00 per share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene and from the open market.

Pursuant to the Sri Lanka Company Take-Overs and Mergers Code (1995) (amended in 2003), Softlogic made a mandatory offer on 15 September 2014 for all the remaining shares in Odel at LKR22.00 per share.

A detailed offer document will be sent to all shareholders of Odel within 35 days from the date of offer, i.e. on or before 16 October 2014. The Company has not received Softlogic's offer document to acquire its 47.46% equity interest in Odel as at the date of these financial statements.

35. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2014 were authorised for issue in accordance with a resolution of the directors on 23 September 2014.

(iii) The following is the independent auditor's report issued by Ernst & Young LLP dated 9 September 2015 and the audited financial statements of the Target Group for the year ended 30 June 2015, all of which have been published on the website of the Singapore Exchange Limited (www.sgx.com) and of the Target Group (www.parkson.com.sg).

INDEPENDENT AUDITOR'S REPORT
For the financial year ended 30 June 2015
Independent Auditor's Report to the Members of Parkson Retail Asia Limited

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of Parkson Retail Asia Limited (the "Company") and its subsidiaries (collectively, the "Group") set out on pages 7 to 96, which comprise the balance sheets of the Group and the Company as at 30 June 2015, the statement of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2015 and of the financial performance, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

EMPHASIS OF MATTER

We draw attention to Note 24 to the financial statements which describes the uncertainty related to the amount of provision made in relation to the early termination of a lease at Landmark 72, Hanoi by Parkson Hanoi Co Ltd. Our opinion is not qualified in respect of this matter.

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 the subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants
Singapore

9 September 2015

CONSOLIDATED INCOME STATEMENT

For the financial year ended 30 June 2015

	Note	**2015**	**2014 (Restated)**
		SGD'000	*SGD'000*
Revenue	*4*	428,751	432,037
Other items of income			
Finance income	*5*	6,354	6,973
Other income	*6*	9,597	7,014
Items of expense			
Changes in merchandise inventories and consumables		(158,014)	(167,449)
Employee benefits expense	*7*	(52,586)	(49,525)
Depreciation and amortisation expenses		(20,475)	(20,365)
Promotional and advertising expenses		(9,406)	(9,392)
Rental expenses		(111,818)	(103,903)
Finance costs	*5*	(601)	(674)
Other expenses		(132,432)	(49,970)
Share of results of an associate		39	879
(Loss)/profit before tax	*8*	(40,591)	45,625
Income tax expense	*9*	(12,204)	(13,567)
(Loss)/profit for the year		(52,795)	32,058
(Loss)/profit for the year attributable to:			
Owners of the Company		(34,688)	34,382
Non-controlling interests		(18,107)	(2,324)
		(52,795)	32,058
(Loss)/earnings per share attributable to owners of the Company (cents per share)			
Basic and diluted	*10*	(5.12)	5.08

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 30 June 2015

	2015	**2014**
		(Restated)
	SGD'000	*SGD'000*
(Loss)/profit for the year	(52,795)	32,058
Other comprehensive income:		
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefit plan, net of tax	(8)	54
Share of results of an associate	–	(33)
Item that has been reclassified to profit or loss:		
Cumulative exchange differences on disposal of an associate	993	–
Item that may be reclassified subsequently to profit or loss:		
Exchange differences on translating foreign operations	(8,171)	(12,445)
	(7,186)	(12,424)
Total comprehensive income for the year	(59,981)	19,634
Attributable to:		
Owners of the Company	(41,868)	21,966
Non-controlling interests	(18,113)	(2,332)
	(59,981)	19,634

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

BALANCE SHEETS

As at 30 June 2015

	Note	Group			Company	
		30.6.2015	**30.6.2014**	**1.7.2013**	**2015**	**2014**
		SGD'000	*SGD'000* (Restated)	*SGD'000* (Restated)	*SGD'000*	*SGD'000*
ASSETS						
Non-current assets						
Property, plant and equipment	*11*	96,778	89,522	77,046	–	–
Land use right	*12*	8,227	7,913	8,173	–	–
Investments in subsidiaries	*13*	–	–	–	145,649	148,440
Investment in an associate	*14*	–	26,539	27,071	–	26,074
Deferred tax assets	*15*	7,231	4,928	3,161	–	–
Other receivables	*16*	21,761	24,876	23,823	23,161	32,135
Prepayments		8,944	13,576	19,560	–	–
Intangible assets	*17*	5,350	5,737	7,205	–	–
Derivatives	*18*	19	20	21	–	–
Investment securities	*19*	83	91	93	–	–
		148,393	173,202	166,153	168,810	206,649
Current assets						
Inventories	*20*	57,817	63,628	58,209	–	–
Investment securities	*19*	11,867	21,677	22,957	–	–
Trade and other receivables	*16*	17,440	23,514	29,130	32,462	27,493
Prepayments		5,234	6,126	3,779	21	22
Tax recoverable		2,271	2,515	4,033	–	–
Cash and short-term deposits	*21*	126,711	129,204	153,873	7,644	3,514
Assets of disposal group classified as held for sale	*22*	4,674	–	–	–	–
		226,014	246,664	271,981	40,127	31,029
Total assets		374,407	419,866	438,134	208,937	237,678
EQUITY AND LIABILITIES						
Current liabilities						
Trade and other payables	*23*	140,150	147,828	151,773	912	762
Other liabilities	*24*	26,111	26,995	23,256	–	–
Bank overdrafts	*25*	735	–	–	–	–
Tax payable		123	790	1,529	–	–
Liabilities of disposal group classified as held for sale	*22*	70,293	–	–	–	–
		237,412	175,613	176,558	912	762
Net current (liabilities)/assets		(11,398)	71,051	95,423	39,215	30,267
Non-current liabilities						
Other payables	*23*	6,949	10,094	8,397	–	–
Deferred tax liabilities	*15*	–	107	155	–	–
		6,949	10,201	8,552	–	–
Total liabilities		244,361	185,814	185,110	912	762
Net assets		130,046	234,052	253,024	208,025	236,916

	Note	Group 30.6.2015 *SGD'000*	 30.6.2014 *SGD'000* (Restated)	 1.7.2013 *SGD'000* (Restated)	Company 2015 *SGD'000*	 2014 *SGD'000*
Equity attributable to owners of the Company						
Share capital	*26*	231,676	231,676	231,676	231,676	231,676
Other reserves	*27*	(157,036)	(150,250)	(137,813)	(30,278)	(11,710)
Retained earnings		73,751	152,472	156,675	6,627	16,950
Reserve of disposal group classified as held for sale	*22*	(386)	–	–	–	–
		148,005	233,898	250,538	208,025	236,916
Non-controlling interests		(17,959)	154	2,486	–	–
Total equity		130,046	234,052	253,024	208,025	236,916
Total equity and liabilities		374,407	419,866	438,134	208,937	237,678
Net current assets, excluding net liabilities of disposal group held for sale		54,221	71,051	95,423	39,215	30,267
Net assets, excluding net liabilities of disposal group held for sale		195,665	234,052	253,024	208,025	236,916

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

STATEMENTS OF CHANGES IN EQUITY
For the financial year ended 30 June 2015

		Attributable to owners of the Company					
Group	**Equity, total**	**Equity attributable to owners of the Company, total**	**Share capital** *(Note 26)*	**Retained earnings**	**Other reserves** *(Note 27)*	**Reserve of disposal group classified as held for sale**	**Non-controlling interests**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Opening balance at 1 July 2014							
As previously reported	238,819	238,665	231,676	157,326	(150,337)	–	154
Prior year adjustments	(4,767)	(4,767)	–	(4,854)	87	–	–
As restated	234,052	233,898	231,676	152,472	(150,250)	–	154
Loss for the year	(52,795)	(34,688)	–	(34,688)	–	–	(18,107)
Other comprehensive income							
Foreign currency translation	(8,171)	(8,165)	–	–	(8,165)	–	(6)
Cumulative exchange differences on disposal of an associate	993	993	–	–	993	–	–
Remeasurement of defined benefit plan, net of tax	(8)	(8)	–	(8)	–	–	–
	(7,186)	(7,180)	–	(8)	(7,172)	–	(6)
Total comprehensive income for the year	(59,981)	(41,868)	–	(34,696)	(7,172)	–	(18,113)
Reserve of disposal group classified as held for sale	–	–	–	–	386	(386)	–
Distributions to owners							
Dividends on ordinary shares *(Note 28)*, representing total transactions with owners in their capacity as owners	(44,025)	(44,025)	–	(44,025)	–	–	–
Closing balance at 30 June 2015	130,046	148,005	231,676	73,751	(157,036)	(386)	(17,959)

Group	Equity, total	Equity attributable to owners of the Company, total	Share capital *(Note 26)*	Retained earnings	Other reserves *(Note 27)*	Non-controlling interests
		Attributable to owners of the Company				
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Opening balance at 1 July 2013						
As previously reported	257,282	254,796	231,676	161,010	(137,890)	2,486
Prior year adjustments	(4,258)	(4,258)	–	(4,335)	77	–
As restated	253,024	250,538	231,676	156,675	(137,813)	2,486
Profit for the year						
As previously reported	32,577	34,901	–	34,901	–	(2,324)
Prior year adjustments	(519)	(519)	–	(519)	–	–
As restated	32,058	34,382	–	34,382	–	(2,324)
Other comprehensive income						
Foreign currency translation						
As previously reported	(12,455)	(12,447)	–	–	(12,447)	(8)
Prior year adjustments	10	10	–	–	10	–
As restated	(12,445)	(12,437)	–	–	(12,437)	(8)
Remeasurement of defined benefit plan, net of tax	54	54	–	54	–	–
Share of results of an associate	(33)	(33)	–	(33)	–	–
	(12,424)	(12,416)	–	21	(12,437)	(8)
Total comprehensive income for the year	19,634	21,966	–	34,403	(12,437)	(2,332)
Distributions to owners						
Dividends on ordinary shares *(Note 28)*, representing total transactions with owners in their capacity as owners	(38,606)	(38,606)	–	(38,606)	–	–
Closing balance at 30 June 2014	234,052	233,898	231,676	152,472	(150,250)	154

	Equity, total *SGD'000*	Share capital *(Note 26)* *SGD'000*	Retained earnings *SGD'000*	Other reserves *(Note 27)* *SGD'000*
Company				
Opening balance at 1 July 2014	236,916	231,676	16,950	(11,710)
Profit for the year	33,702	–	33,702	–
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	(18,568)	–	–	(18,568)
Total comprehensive income for the year	15,134	–	33,702	(18,568)
Distributions to owners				
Dividends on ordinary shares *(Note 28)*, representing total transactions with owners in their capacity as owners	(44,025)	–	(44,025)	–
Closing balance at 30 June 2015	208,025	231,676	6,627	(30,278)
Opening balance at 1 July 2013	246,702	231,676	19,276	(4,250)
Profit for the year	36,280	–	36,280	–
Other comprehensive income				
Foreign currency translation, representing total other comprehensive income for the year	(7,460)	–	–	(7,460)
Total comprehensive income for the year	28,820	–	36,280	(7,460)
Distributions to owners				
Dividends on ordinary shares *(Note 28)*, representing total transactions with owners in their capacity as owners	(38,606)	–	(38,606)	–
Closing balance at 30 June 2014	236,916	231,676	16,950	(11,710)

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 30 June 2015

	Note	**2015**	**2014 (Restated)**
		SGD'000	*SGD'000*
Operating activities			
(Loss)/profit before tax		(40,591)	45,625
Adjustments for:			
Depreciation of property, plant and equipment	*11*	19,745	19,638
Amortisation of intangible assets	*17*	595	596
Amortisation of land use right	*12*	135	131
Allowance for doubtful trade and other receivables, net	*16*	12,167	1,126
Unrealised exchange gain		(415)	(1,264)
Net benefit expense from defined benefit plan	*23*	120	98
Property, plant and equipment written off		2,503	88
Intangible assets written off		16	–
Impairment of property, plant and equipment		–	540
Loss/(gain) on disposal of property, plant and equipment	*6,8*	85	(50)
Amortisation of deferred lease expense	*16*	2,052	2,197
Amortisation of deferred lease income	*23*	(628)	(699)
Writedown of inventories	*20*	209	–
Income from expired gift vouchers	*6*	(732)	(1,025)
Share of results of an associate		(39)	(879)
Provision for contingent expenses in relation to closure of a store	*24*	64,729	–
Gain on disposal of an associate	*14*	(1,379)	–
Dividend income from investment securities	*6*	(84)	–
Finance costs	*5*	601	674
Finance income	*5*	(6,354)	(6,973)
Operating cash flows before changes in working capital		52,735	59,823
Changes in working capital:			
Decrease/(increase) in:			
Inventories		952	(7,597)
Trade and other receivables		(8,536)	(241)
Prepayments		5,022	948
(Decrease)/increase in:			
Trade and other payables		(4,110)	4,553
Other liabilities		7,167	6,005
Cash flows from operations		53,230	63,491
Interest received		6,079	6,668
Interest paid		(3)	(9)
Income taxes paid		(14,516)	(14,510)
Net cash flows from operating activities		44,790	55,640

	Note	**2015**	**2014 (Restated)**
		SGD'000	*SGD'000*
Investing activities			
Proceeds from disposal of an associate	*14*	27,919	–
Proceeds from withdrawal of money market instruments		8,545	577
Proceeds from disposal of property, plant and equipment		238	226
Purchase of property, plant and equipment	*A*	(32,602)	(37,960)
Additions to intangible assets	*17*	(375)	(315)
Dividend income from investment securities		84	–
Dividend income from an associate		–	295
Net cash flows from/(used in) investing activities		3,809	(37,177)
Financing activity			
Dividends paid on ordinary shares	*28*	(44,025)	(38,606)
Net cash flows used in financing activity		(44,025)	(38,606)
Net increase/(decrease) in cash and cash equivalents		4,574	(20,143)
Effect of exchange rate changes on cash and cash equivalents		(7,802)	(4,526)
Cash and cash equivalents at 1 July		129,204	153,873
Cash and cash equivalents at 30 June	*21*	125,976	129,204

Note to the consolidated statement of cash flows

A. Property, plant and equipment

	Note	**2015**	**2014**
		SGD'000	*SGD'000*
Current year additions to property, plant and equipment	*11*	32,376	37,332
Less: Payable to creditors	*23*	(198)	(713)
Less: Accrued expenses	*24*	(253)	–
		31,925	36,619
Add: Payments for prior year purchase		677	1,341
Net cash outflow for purchase of property, plant and equipment		32,602	37,960

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

NOTES TO THE FINANCIAL STATEMENTS
For the financial year ended 30 June 2015

1. CORPORATE INFORMATION

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

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

– Level 5, Klang Parade, No. 2112 Jalan Meru, 41050 Klang, Selangor Darul Ehsan, Malaysia;

– 35 Bis – 45 Le Thanh Ton Street, District 1, Ho Chi Minh City, Vietnam;

– TD Plaza Building, Cat Bi T Junction Urban Area, Hai Phong City, Vietnam;

– Hung Vuong Plaza, No. 126 Hung Vuong Street, Ward 12, District 5 Ho Chi Minh City, Vietnam;

– Viet Tower Building, 198B Tay Son Street, Dong Da District, Hanoi, Vietnam;

– Jl. Prof. Dr. Satrio Blok A/35, Sentosa Building Sector VII Bintaro Jaya, Tangerang, Banten, Indonesia; and

– No. 380 Bogyoke Aung San Road, FMI Centre, Pabedan Township, Yangon, Myanmar.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

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

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

The financial statements are presented in Singapore Dollars ("SGD") and all values in the tables are rounded to the nearest thousand (SGD'000), except when otherwise indicated.

Fundamental accounting concept

The Group incurred a net loss of $52,795,000 (2014: profit of $32,058,000) during the financial year ended 30 June 2015 and as at that date, the Group's current liabilities exceeded its current assets by $11,398,000 (2014: net assets of $71,051,000). These factors indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

Included in the Group's net liabilities was an amount of $65,619,000 attributable to the net liabilities of the disposal group classified as held for sale as disclosed in Note 22. The capital assignment of the disposal group was completed on 17 August 2015 as disclosed in Note 22 and Note 36. Excluding the liabilities of the disposal group classified as held for sale, the Group would have net current assets of $54,221,000 as at 30 June 2015. Accordingly, the Board of the Company are of the view that the going concern assumption is appropriate for the preparation of the financial statements of the Group.

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

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 July 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

2.3 Standards issued but not yet effective

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

Description	**Effective for annual periods beginning on or after**
FRS 114 *Regulatory Deferral Accounts*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38: *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture: Bearer Plants*	1 January 2016
Amendments to FRS 111 *Accounting for Acquisitions of Interests in Joint Operations*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
(d) Amendments to FRS 34 *Interim Financial Reporting*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception (Editorial corrections in June 2015)*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

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

FRS 115 Revenue from Contracts with Customers

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Group is currently assessing the impact of FRS 115 and plans to adopt the new standard on the required effective date.

2.4 Basis of 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.

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

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

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

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

– De-recognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;

– De-recognises the carrying amount of any non-controlling interest;

– De-recognises the cumulative translation differences recorded in equity;

– Recognises the fair value of the consideration received;

– Recognises the fair value of any investment retained;

– Recognises any surplus or deficit in profit or loss;

– Re-classifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

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

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

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

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

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

– The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company.

– No adjustments are made to reflect the fair values on the date of combination, or recognise any new assets or liabilities.

– No additional goodwill is recognised as a result of the combination.

– Any difference between the consideration paid/transferred and the equity 'acquired' is reflected within the equity as merger reserve.

– The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination took place.

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

2.5 Transactions with non-controlling interests

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

Changes in the Company 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.

2.6 Functional and foreign currency

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

(a) Transactions and balances

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

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

(b) Consolidated and separate financial statements

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

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

2.7 Property, plant and equipment

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

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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

Renovation	2 – 10 years
Buildings	25 years
Furniture, fittings and equipment	1 – 10 years
Motor vehicles	4 – 7 years

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

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

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

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

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

2.8 Intangible assets

(a) Goodwill

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

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

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

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

(b) Other intangible assets

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

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

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

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

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

(i) Club memberships

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

(ii) Customer relationships

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

(iii) Software

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

2.9 Land use right

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

2.10 Impairment of non-financial assets

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

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

Impairment losses of continuing operations are recognised in profit or loss, except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

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

2.11 Subsidiaries

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

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

2.12 Associate

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

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

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

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

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

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

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

2.13 Financial instruments

(a) Financial assets

Initial recognition and measurement

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

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

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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

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

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

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

(ii) Loans and receivables

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

(iii) Available-for-sale financial assets

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

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

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

De-recognition

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

Regular way purchase or sale of a financial asset

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

(b) Financial liabilities

Initial recognition and measurement

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

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

Subsequent measurement

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

De-recognition

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

2.14 Impairment of financial assets

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

(a) Financial assets carried at amortised cost

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

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

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

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

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

(b) Financial assets carried at cost

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

(c) Available-for-sale financial assets

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

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

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

2.15 Cash and cash equivalents

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

2.16 Inventories

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

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

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

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

2.17 Provisions

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

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

2.18 Employee benefits

(a) Defined contribution plans

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

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they are accrued to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(c) Defined benefit plan

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

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

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

2.19 Leases

(a) As lessee

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

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

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

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. The accounting policy for rental income is set out in Note 2.20(d). Contingent rents are recognised as revenue in the period in which they are earned.

2.20 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The Group has concluded that it is acting as a principal in all of its revenue arrangements except for concessionaire sales of which it generates commission income. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

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

(b) Commissions from concessionaire sales

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

(c) Consultancy and management service fees

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

(d) Rental income

Rental income arising from operating leases on department stores is accounted for on a straight-line basis over the lease terms. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Revenue from customer loyalty award

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

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

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

(f) Interest income

Interest income is recognised using the effective interest method.

(g) Royalty income

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

(h) Promotion income

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

2.21 Taxes

(a) Current income tax

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

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

(b) Deferred tax

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

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

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

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

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

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

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

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

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

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

(c) Sales tax

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

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

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

2.22 Segment reporting

The Group has a single operating segment, which is the operation and management of department stores. For management purposes, the Group is organised into business units based on the geographical location of customers and assets which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 31, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.23 Share capital and share issue expenses

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

2.24 Contingencies

A contingent liability is:

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

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

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

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

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

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

2.25 Non-current assets held for sale and discontinued operations

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

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

2.26 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and Company if that person:

  (i) has control or joint control over the Company;

  (ii) has significant influence over the Company; or

  (iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

(i) the entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others);

(ii) one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member);

(iii) both entities are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company;

(vi) the entity is controlled or jointly controlled by a person identified in (a); or

(vii) a person identified in (a) (i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING ESTIMATES AND JUDGEMENTS

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

3.1 Judgements made in applying accounting policies

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

(a) Income taxes

The Group has exposure to income taxes in various jurisdictions. 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 income tax payable and tax recoverable as at 30 June 2015 were approximately SGD123,000 (2014: SGD790,000) and SGD2,271,000 (2014: SGD2,515,000). The carrying amounts of the Group's deferred tax assets and deferred tax liabilities as at 30 June 2015 were SGD7,231,000 (2014: SGD4,928,000) and nil (2014: SGD107,000) respectively.

(b) Operating lease commitments – the Group as lessee

The Group has entered into commercial property leases for its retail stores business. The commercial properties combined leases of land and buildings. At the inception of lease, it was not possible to obtain a reliable estimate of the split of the fair values of the lease interest between the land and the buildings. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that the lessor retains all the significant risks and rewards of relevant properties and so accounts for them as operating leases.

3.2 Key sources of estimation uncertainty

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

(a) Customer loyalty award

The Group allocates the consideration received from the sale of goods to the goods sold and the points issued under its loyalty programmes. The consideration allocated to the points issued is measured at their fair value. Fair value is determined inter alia by the following factors:

– the range of merchandise available to the customers;

– the prices at which the Group sells the merchandise which can be redeemed and the discounts available for these merchandise;

– changes in the popularity of the programmes; and

– changing patterns in the redemption rates.

Details of deferred revenue from customer loyalty award are disclosed in Note 24.

(b) Defined benefit plans

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making certain assumptions which include discount rates, future salary increases and retirement age. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are sensitive to changes in these assumptions. Further details are provided in Note 23.

(c) Useful lives of intangible assets

The cost of intangible assets (excluding goodwill) are amortised on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these intangible assets to be within 3 to 99 years. Management estimates the useful lives of these intangible assets based on historical experience of the actual useful lives of assets with similar nature and functions, as well as the economic environment and the expected use of the assets acquired. Changes in the market demand or technological developments could impact the economic useful lives of these assets; therefore, future amortisation expenses could be revised. The carrying amount of the Group's intangible assets (excluding goodwill) at the end of the reporting period is disclosed in Note 17.

(d) Impairment of goodwill

The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating unit to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating unit, to choose a suitable pre-tax discount rate to calculate the present value of the cash flow projections and to estimate a forecasted growth rate to extrapolate cash flow projections beyond the five-year period. The carrying amount of the Group's goodwill at the end of the reporting period is disclosed in Note 17.

(e) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the end of the reporting period is disclosed in Note 16.

(f) Impairment of property, plant and equipment

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

(g) Provision for contingent expenses in relation to closure of a store

During the financial year, the Group made a provision in relation to the early-termination of a lease for a closed store. This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. Under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount than the maximum contingent expenses provided as at balance sheet date in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision. Please refer to Note 24 for further details of the provision.

4. REVENUE

	Group	
	2015	**2014**
	SGD'000	*SGD'000*
Sale of goods – direct sales	198,771	210,298
Commissions from concessionaire sales	211,893	205,452
Consultancy and management service fees	952	1,044
Rental income	17,135	15,243
	428,751	432,037

5. FINANCE INCOME/COSTS

	Group	
	2015	**2014**
	SGD'000	*SGD'000*
Finance income		
Interest income on:		
– Short-term deposits and others	5,365	5,976
– Rental deposits receivables	989	997
	6,354	6,973
Finance costs		
Interest expense on:		
– Bank overdrafts	(3)	(8)
– Rental deposit payables	(598)	(666)
	(601)	(674)

6. OTHER INCOME

	Group	
	2015	**2014**
	SGD'000	*SGD'000*
Cash discount from suppliers	1,283	1,253
Promotion income	1,664	2,067
Income recognised from gift vouchers expired	732	1,025
Gain on disposal of property, plant and equipment	–	50
Gain on disposal of an associate *(Note 14)*	1,379	–
Dividend income from investment securities	84	–
Exchange gain:		
– Realised	1,411	2
– Unrealised	415	266
Others	2,629	2,351
	9,597	7,014

7. EMPLOYEE BENEFITS EXPENSE

	Group	
	2015	**2014**
	SGD'000	*SGD'000*
Wages, salaries and bonuses	40,064	37,645
Contribution to defined contribution plans	3,878	3,452
Net benefit expense from defined benefit plan *(Note 23)*	120	98
Other staff related expenses	8,524	8,330
	52,586	49,525

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

8. (LOSS)/PROFIT BEFORE TAX

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

	Group	
	2015	**2014**
		(Restated)
	SGD'000	*SGD'000*
Audit fees:		
– Auditors of the Company	167	121
– Other auditors	325	358
Non-audit fees:		
– Auditors of the Company	23	63
– Other auditors	23	25
Total audit and non-audit fees	538	567

	Group 2015	2014 (Restated)
	SGD'000	*SGD'000*
Depreciation of property, plant and equipment *(Note 11)*	19,745	19,638
Amortisation of land use right *(Note 12)*	135	131
Amortisation of intangible assets *(Note 17)*	595	596
Loss on disposal of property, plant and equipment	85	–
Property, plant and equipment written off *(Note 11)*	2,503	88
Intangible assets written off *(Note 17)*	16	–
Impairment of property, plant and equipment *(Note 11)*	–	540
Inventory shrinkages *(Note 20)*	865	1,159
Inventories written-down *(Note 20)*	209	–
Allowance for doubtful trade and other receivables, net *(Note 16)*:		
– Deposits paid for closed stores	3,708	1,034
– Deposits paid for managed stores	8,211	–
– Others	248	92
Provision for contingent expenses in relation to closure of a store *(Note 24)*	64,729	–
Rental expenses:		
– Minimum lease payments	108,158	98,304
– Contingent lease payments	2,195	3,402
– Amortisation of deferred lease expense *(Note 16)*	1,465	2,197

9. INCOME TAX EXPENSE

(a) Major components of income tax expense

The major components of income tax expense for the years ended 30 June 2015 and 2014 are as follows:

	Group 2015	2014 (Restated)
	SGD'000	*SGD'000*
Consolidated income statement:		
– Current income taxation	12,934	14,926
– Under provision in respect of previous years	1,178	186
– Withholding taxes	457	506
	14,569	15,618
Deferred income tax *(Note 15)*		
– Origination and reversal of temporary differences	(2,949)	(1,944)
– Effect of change in tax rate on deferred tax	223	102
– Under/(over) provision in respect of previous years	361	(209)
	(2,365)	(2,051)
Income tax expense recognised in profit or loss	12,204	13,567
Statement of comprehensive income:		
Deferred tax (income)/expense related to other comprehensive income:		
– Re-measurement of defined benefit plan	(3)	18

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

A reconciliation between income tax expense and the product of accounting (loss)/profit multiplied by the applicable corporate tax rates for the years ended 30 June 2015 and 2014 is as follows:

	Group	
	2015	**2014 (Restated)**
	SGD'000	*SGD'000*
(Loss)/profit before tax	(40,591)	45,625
Tax at the domestic tax rates applicable to profits in the countries where the Group operates	(8,108)	10,403
Adjustments:		
– Non-deductible expenses	16,480	2,039
– Income not subject to taxation	(2,212)	(928)
– Effect on opening deferred tax as a result of change in foreign income tax rate	223	102
– Deferred tax assets not recognised	3,832	1,468
– Income subject to different tax rate	(7)	–
– Under provision of current tax in respect of previous years	1,178	186
– Under/(over) provision of deferred tax in respect of previous years	361	(209)
– Withholding taxes	457	506
Income tax expense recognised in profit or loss	12,204	13,567

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

	2015	**2014**
	%	%
Malaysia	25	25
Vietnam	22	22
Indonesia	25	25
Myanmar	25	25
Cambodia	20	20
Singapore	17	17
British Virgin Islands	Nil	Nil

10. (LOSS)/EARNINGS PER SHARE

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

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

	Group	
	2015	**2014 (Restated)**
(Loss)/profit for the year attributable to owners of the Company (SGD'000)	(34,688)	34,382
Weighted average number of ordinary shares for basic earnings per share computation ('000)	677,300	677,300

There are no potential dilution effects on the ordinary shares of the Company. Accordingly, the basic and diluted earnings per share for the financial years ended 30 June 2015 and 2014 are the same.

11. PROPERTY, PLANT AND EQUIPMENT

	Renovation	Land	Buildings	Furniture and equipment	Motor vehicles	Capital work-in-progress	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
2015							
Group							
Cost							
At 1 July 2014	91,667	–	18,616	69,766	1,424	8,453	189,926
Additions	13,343	–	15	9,094	80	9,844	32,376
Disposals	(74)	–	–	(3,576)	(86)	–	(3,736)
Reclassification	2,329	3,383	–	478	–	(6,190)	–
Written off	(7,829)	–	(130)	(4,975)	–	(16)	(12,950)
Property, plant and equipment of disposal group classified as held for sale	(1,385)	–	–	(2,245)	–	–	(3,630)
Exchange differences	(4,727)	–	1,060	(4,140)	(62)	(298)	(8,167)
At 30 June 2015	93,324	3,383	19,561	64,402	1,356	11,793	193,819
Accumulated depreciation and impairment loss							
At 1 July 2014	50,773	–	4,940	43,704	987	–	100,404
Depreciation for the year	10,415	–	821	8,359	150	–	19,745
Disposals	(45)	–	–	(3,307)	(61)	–	(3,413)
Written off	(6,522)	–	(127)	(3,798)	–	–	(10,447)
Property, plant and equipment of disposal group classified as held for sale	(1,176)	–	–	(1,944)	–	–	(3,120)
Exchange differences	(3,356)	–	315	(3,035)	(52)	–	(6,128)
At 30 June 2015	50,089	–	5,949	39,979	1,024	–	97,041
Net carrying amount	43,235	3,383	13,612	24,423	332	11,793	96,778

	Renovation	Buildings	Furniture and equipment	Motor vehicles	Capital work-in-progress	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
2014						
Group						
Cost						
At 1 July 2013	78,023	19,922	64,112	1,665	2,326	166,048
Additions	18,647	7	10,527	53	8,098	37,332
Disposals	–	–	(403)	(192)	–	(595)
Reclassification	1,120	(2)	486	–	(1,604)	–
Written off	(1,265)	(991)	(2,522)	–	–	(4,778)
Exchange differences	(4,858)	(320)	(2,434)	(102)	(367)	(8,081)
At 30 June 2014	91,667	18,616	69,766	1,424	8,453	189,926

	Renovation	Buildings	Furniture and equipment	Motor vehicles	Capital work-in-progress	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Accumulated depreciation and impairment loss						
At 1 July 2013	43,118	5,064	39,861	959	–	89,002
Depreciation for the year	10,288	974	8,163	213	–	19,638
Impairment loss	540	–	–	–	–	540
Disposals	–	–	(277)	(142)	–	(419)
Written off	(1,200)	(991)	(2,499)	–	–	(4,690)
Exchange differences	(1,973)	(107)	(1,544)	(43)	–	(3,667)
At 30 June 2014	50,773	4,940	43,704	987	–	100,404
Net carrying amount	40,894	13,676	26,062	437	8,453	89,522

Land

The Group owns 2 pieces of land with a total area of 2,981 square metres located in Tangerang Selatan, Banten with Building Use Rights (Hak Guna Bangunan or HGB). The HGBs will expire on 18 December 2020 and 20 October 2028 respectively. Management believes that there will be no difficulty in extending the land rights since all the land were acquired legally and supported by sufficient evidence of ownership.

Capital work-in-progress

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

Impairment of assets

In the previous year, Parkson Hanoi Co Ltd carried out a review on the recoverable amount of the property, plant and equipment of its loss-making store in Hanoi, Vietnam. An impairment loss of SGD540,000 was recognised in profit or loss for the financial year ended 30 June 2014.

12. LAND USE RIGHT

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Cost		
At 1 July	8,622	8,763
Exchange differences	492	(141)
At 30 June	9,114	8,622
Accumulated amortisation		
At 1 July	709	590
Amortisation for the year	135	131
Exchange differences	43	(12)
At 30 June	887	709
Net carrying amount	8,227	7,913

	Group 2015 SGD'000	2014 SGD'000
Amount to be amortised:		
– Not later than one year	135	131
– Later than one year but not later than five years	539	526
– Later than five years	7,553	7,256
	8,227	7,913

The Group has a land use right over a plot of state-owned land in Hai Phong City, Vietnam where one of the Group's department stores resides. The land use right is not transferable and has a remaining tenure of 60 years and 6 months (2014: 61 years and 6 months).

13. INVESTMENTS IN SUBSIDIARIES

	Company 2015 SGD'000	2014 SGD'000
Shares, at cost	164,950	155,506
Exchange difference	(19,301)	(7,066)
	145,649	148,440

The Company has the following subsidiaries as at 30 June:

Name of company	Principal activities	Country of incorporation	Ownership interest 2015 %	2014 %
Held by the Company				
Parkson Corporation Sdn Bhd[(b)]	Operation of department stores	Malaysia	100	100
Centro Retail Pte Ltd[(a)(1)]	Investment holding	Singapore	100	100
PT. Tozy Sentosa[(b)(2)]	Operation of department stores, supermarkets and merchandising	Indonesia	100[(*)]	100[(*)]
Parkson Myanmar Co Pte Ltd[(a)(3)]	Investment holding	Singapore	100	100
Held by Parkson Corporation Sdn Bhd				
Parkson Vietnam Co Ltd[(b)]	Retailing and operation of a modern shopping centre	Vietnam	100	100
Parkson Haiphong Co Ltd[(b)]	Upgrade and leasing of retail space for establishment of a modern department store	Vietnam	100	100
Kiara Innovasi Sdn Bhd[(b)]	Operation of department stores	Malaysia	60	60
Parkson Online Sdn Bhd[(c)]	Online retailing	Malaysia	100	100
Parkson Cambodia Holdings Co Ltd[(c)]	Investment holding	British Virgin Islands	100	100
Parkson SGN Co Ltd[(b)(4)]	Retailing and operation of modern shopping centres	Vietnam	100	100
Parkson Edutainment World Sdn Bhd (f.k.a. Matrix Treasure Sdn Bhd)[(c)(5)]	Dormant	Malaysia	70	–
Parkson Lifestyle Sdn Bhd (f.k.a. Zillion Paramount Sdn Bhd)[(c)(6)]	Dormant	Malaysia	100	–
Super Gem Resources Sdn Bhd[(c)(7)]	Dormant	Malaysia	100	–

Name of company	Principal activities	Country of incorporation	Ownership interest 2015	2014
			%	%
Held by Parkson Vietnam Co Ltd				
Parkson Vietnam Management Services Co Ltd[(c)]	Management and consulting services on real estate, business and marketing in relation to department stores (commercial)	Vietnam	100	100
Parkson Hanoi Co Ltd[(b)(8)]	Retailing and operation of modern shopping centres	Vietnam	70	70
Held by Parkson Cambodia Holdings Co Ltd				
Parkson (Cambodia) Co Ltd[(b)]	Operation of department stores	Cambodia	100	100
Held by Parkson Myanmar Co Pte Ltd				
Parkson Myanmar Investment Company Pte Ltd[(a)]	Investment holding	Singapore	70	70
Held by Parkson Myanmar Investment Company Pte Ltd				
Parkson Myanmar Asia Pte Ltd[(a)]	Investment holding	Singapore	100	100
Myanmar Parkson Company Limited[(b)]	Retailing and operation of a modern shopping centre	Myanmar	100[(**)]	100[(**)]

(a) Audited by Ernst & Young LLP, Singapore

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

(c) Not material to the Group and not required to be disclosed under SGX Listing Rule 717

(*) 10% (2014: 27.78%) is held via Centro Retail Pte Ltd

(**) 10% is held via Parkson Myanmar Asia Pte Ltd

Additional investments in subsidiaries

(1) In December 2014, the Company subscribed to 1 ordinary share issued and allotted by Centro Retail Pte Ltd for a consideration of RM10,820,000 (SGD3,867,000). The consideration was settled by way of offsetting against loan advanced to Centro Retail Pte Ltd.

(2) In October 2014, the Company subscribed to 32,000 ordinary shares issued and allotted by PT. Tozy Sentosa for a consideration of IDR32,000,000,000 (SGD3,237,000). The consideration was settled by way of offsetting against loan advanced to PT. Tozy Sentosa. Following the subscription, the Company now owns a 90% (2014: 72.22%) direct interest in PT. Tozy Sentosa. The remaining 10% (2014: 27.78%) interest is held via Centro Retail Pte Ltd.

(3) In December 2014, the Company subscribed to 1 ordinary share issued and allotted by Parkson Myanmar Co Pte Ltd for a consideration of RM6,549,000 (SGD2,340,000). The consideration was settled by way of offsetting with loan advanced to Parkson Myanmar Co Pte Ltd.

(4) In April 2015, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of the Company contributed additional USD1,000,000 (SGD1,350,000) to the charter capital of Parkson SGN Co Ltd. The contribution was settled in cash.

Acquisition of subsidiaries

(5) In May 2015, PCSB acquired the entire paid-up share capital of Parkson Edutainment World Sdn Bhd (f.k.a. Matrix Treasure Sdn Bhd) ("PEW") of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71). Subsequent to the acquisition, the authorised and paid-up share capital of PEW were increased to 1,000,000 ordinary shares at RM1 each on the same day, for which PCSB subscribed for an additional 699,998 new ordinary shares at RM1 each for a cash consideration of RM699,998 (SGD250,000). Following the subscription, PEW became a 70%-owned subsidiary of PCSB.

(6) In June 2015, PCSB acquired the entire paid-up share capital of Parkson Lifestyle Sdn Bhd (f.k.a Zillion Paramount Sdn Bhd) of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71).

(7) In June 2015, PCSB acquired the entire paid-up share capital of Super Gem Resources Sdn Bhd of 2 ordinary shares at RM1 each for a cash consideration of RM2 (SGD0.71).

Partial disposal of a subsidiary

(8) In June 2015, Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary of the Company entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("Parkson Hanoi") for a cash consideration of USD5,000 (SGD7,000). The capital assignment transaction was completed on 17 August 2015 (Note 36).

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

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

Name of company	**Principal place of business**	**Ownership interest held by NCI**	**Loss allocated to NCI during the year**	**Accumulated NCI at 30 June**
		%	*SGD'000*	*SGD'000*
30 June 2015				
Parkson Hanoi Co Ltd	Vietnam	23.9	17,687	(18,769)
Kiara Inovasi Sdn Bhd	Malaysia	40	268	94
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	30	135	624
30 June 2014				
Parkson Hanoi Co Ltd	Vietnam	26.5	1,878	(1,023)
Kiara Inovasi Sdn Bhd	Malaysia	40	160	377
Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	Myanmar	30	286	800

Summarised financial information of subsidiaries with material NCI

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

	Parkson Hanoi Co Ltd		Kiara Inovasi Sdn Bhd		Parkson Myanmar Investment Company Pte Ltd and its subsidiaries	
	2015	**2014**	**2015**	**2014**	**2015**	**2014**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Balance sheets						
Current						
Assets	2,227	4,986	1,051	1,339	1,845	1,699
Liabilities	(80,521)	(14,767)	(501)	(205)	(1,185)	(945)
	(78,294)	(9,781)	550	1,134	660	754
Non-current						
Assets	2,514	9,616	996	1,378	1,611	2,108
Liabilities	(1,000)	(3,174)	(1,310)	(1,569)	(192)	(195)
	1,514	6,442	(314)	(191)	1,419	1,913
Net (liabilities)/assets	(76,780)	(3,339)	236	943	2,079	2,667
Statement of comprehensive income						
Revenue	10,259	13,561	3,790	4,167	1,904	1,787
Loss after tax	(73,694)	(7,059)	(669)	(400)	(450)	(955)
Other comprehensive income	(299)	(81)	(38)	(77)	(138)	(34)
Total comprehensive income	(73,993)	(7,140)	(707)	(477)	(588)	(989)
Other information						
Net cash flow from operating activities	(548)	(3,221)	(1)	(282)	177	(718)

14. INVESTMENT IN AN ASSOCIATE

	Group		Company	
	2015	**2014**	**2015**	**2014**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
Shares, at cost	–	27,024	–	27,024
Share of post-acquisition reserves	–	470	–	–
Exchange difference	–	(955)	–	(950)
	–	26,539	–	26,074
Fair value of investment in an associate for which there is published price quotation	n/a	28,728	n/a	28,728

Details of the associate are as follows:

Name of company	Principal activities	Country of incorporation	Ownership interest 2015 %	2014 %
Odel PLC[(a)]	Retailing and operation of modern shopping centres	Sri Lanka	–	47.46

(a) Audited by Ernst & Young, Sri Lanka

Disposal of an associate

In September 2014, Softlogic Holdings PLC together with Softlogic Retail (Private) Limited (collectively, "Softlogic") acquired 122,894,000 shares or 45.16% of the issued and paid up share capital in Odel PLC ("Odel") at prices between LKR21.80 and LKR22.00 per share from Otara Del Gunewardene, Ruchi Hubert Gunewardene and Ajit Damon Gunewardene and from the open market.

Pursuant to the Sri Lanka Company Take-Overs and Mergers Code (1995) (amended in 2003), Softlogic made a mandatory offer in September 2014 for all the remaining shares in Odel at LKR22.00 per share.

The Company accepted Softlogic's mandatory offer and disposed of its 47.46% interest in Odel on 4 November 2014 for a total cash consideration of LKR2,841,319,008 (SGD27,919,000).

The effects of the disposal as at 4 November 2014 are as follows:

	Group *SGD'000*
Cash received	27,919
Realisation of cost of investment	(27,024)
Realisation of share of post-acquisition reserves	(509)
Cumulative exchange differences in respect of the carrying amount of investment in Odel reclassified from equity	993
Gain on disposal	1,379

Summarised financial information of the associate

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

	Odel PLC 2015 *SGD'000*	2014[(*)] *SGD'000*
Balance sheets		
Current		
Assets	–	36,292
Liabilities	–	(13,319)
	–	22,973
Non-current		
Assets	–	30,560
Liabilities	–	(3,480)
	–	27,080
Net assets	–	50,053

	Odel PLC 2015 *SGD'000*	2014(*) *SGD'000*
Proportion of the Group's ownership	–	47.46%
Group's share of net assets	–	23,755
Fair value adjustments	–	3,318
Other adjustments	–	421
Exchange difference	–	(955)
Group's carrying amount of the investment	–	26,539

	Odel PLC 2015 *SGD'000*	2014(*) *SGD'000*
Statement of comprehensive income		
Revenue	–	44,183
Profit after tax	–	1,851
Other comprehensive income	–	(70)
Total comprehensive income	–	1,781

(*) The Group recognised its share of results based on Odel's audited financial statements drawn up to the most recent reporting date, which is 31 March 2014. Being a listed entity on the Colombo Stock Exchange, Odel is unable to release information other than those publicly published.

15. DEFERRED TAX ASSETS/LIABILITIES

	Deferred tax assets				Deferred tax liabilities			
	Difference in depreciation for tax purposes *SGD'000*	Provisions *SGD'000*	Unutilised tax losses *SGD'000*	Deferred tax assets, total *SGD'000*	Difference in depreciation for tax purposes *SGD'000*	Others *SGD'000*	Deferred tax liabilities, total *SGD'000*	Deferred tax, total *SGD'000*
Group								
At 1 July 2013								
As previously stated	623	3,670	–	4,293	(2,071)	(280)	(2,351)	1,942
Prior year adjustments	–	1,064	–	1,064	–	–	–	1,064
As restated	623	4,734	–	5,357	(2,071)	(280)	(2,351)	3,006
Recognised in profit or loss								
As previously stated	1	1,524	1,425	2,950	(1,083)	55	(1,028)	1,922
Prior year adjustments	–	130	–	130	–	–	–	130
As restated	1	1,654	1,425	3,080	(1,083)	55	(1,028)	2,052
Recognised in other comprehensive income	–	(18)	–	(18)	–		–	(18)
Exchange differences	(115)	(178)	(25)	(318)	53	46	99	(219)
At 30 June 2014	509	6,192	1,400	8,101	(3,101)	(179)	(3,280)	4,821
Recognised in profit or loss	139	643	2,479	3,261	(943)	47	(896)	2,365
Recognised in other comprehensive income	–	3	–	3	–	–	–	3
Deferred tax of disposal group classified as held for sale	–	–	–	–	77	–	77	77
Exchange differences	(21)	(296)	2	(315)	280	–	280	(35)
At 30 June 2015	627	6,542	3,881	11,050	(3,687)	(132)	(3,819)	7,231

	Group	
	2015	2014 (Restated)
	SGD'000	*SGD'000*
Presented after appropriate offsetting as follows:		
Deferred tax assets	7,231	4,928
Deferred tax liabilities	–	(107)
	7,231	4,821

Unrecognised tax losses

At the end of the reporting period, the Group has tax losses of approximately SGD29,196,000 (2014: SGD16,831,000) that are available for offset against future taxable profits of the companies in which the losses arose, for which no deferred tax asset is recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

Tax consequences of proposed dividend

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

16. TRADE AND OTHER RECEIVABLES

	Group		Company	
	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade receivables	3,164	4,539	–	–
Credit card receivables	954	1,298	–	–
Other receivables:				
– VAT receivables	3,841	1,804	–	–
– Others	3,170	2,517	4	4
Rental deposits	1,760	1,500	–	–
Other deposits	3,338	10,630	–	–
Deferred lease expense	611	603	–	–
Amount due from subsidiaries (non-trade)	–	–	32,458	27,487
Amount due from ultimate holding company (non-trade)	32	1	–	–
Amount due from related companies (non-trade)	570	620	–	–
Amount due from an associate	–	2	–	2
	17,440	23,514	32,462	27,493
Non-current:				
Rental deposits	9,361	11,996	–	–
Deferred lease expenses	11,135	12,471	–	–
Other deposits	1,265	409	–	–
Loans to subsidiaries (non-trade)	–	–	23,161	32,135
	21,761	24,876	23,161	32,135

	Group		Company	
	2015	2014	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
Total trade and other receivables (current and non-current)	39,201	48,390	55,623	59,628
Add: Cash and short-term deposits *(Note 21)*	126,711	129,204	7,644	3,514
Less:				
Deferred lease expenses	(11,746)	(13,074)	–	–
VAT receivables	(3,841)	(1,804)	–	–
Total loans and receivables	150,325	162,716	63,267	63,142

Trade receivables

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

Trade receivables that are past due but not impaired

The Group has trade receivables amounting to SGD2,898,000 (2014: SGD3,081,000) that are past due at the end of the reporting period but not impaired. These receivables are unsecured and the analysis of their aging at the end of the reporting period is as follows:

	Group	
	2015	2014
	SGD'000	*SGD'000*
Less than 30 days	826	904
30 to 60 days	534	461
61 to 90 days	425	564
More than 90 days	1,113	1,152
	2,898	3,081

Trade and other receivables (current) that are impaired

The Group's trade and other receivables that are impaired at the end of the reporting period and the movement of the allowance accounts used to record the impairment are as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
Trade and other receivables – nominal amounts	13,718	1,473
Less: Allowance for impairment	(13,718)	(1,473)
	–	–
Movement in allowance accounts:		
At 1 July	1,473	358
Charge for the year, net	12,167	1,126
Exchange differences	78	(11)
At 30 June	13,718	1,473

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

Credit card receivables

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

Other receivables

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

Rental deposits

Rental deposits are unsecured and non-interest bearing. Non-current amounts have a maturity ranging from 1 to 23 years (2014: 1 to 24 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded as deferred lease expenses.

During the year, an impairment loss of SGD3,708,000 (2014: SGD1,034,000) was recognised in respect of the rental deposit of a closed store.

Rental deposits denominated in foreign currencies are as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
United States Dollar	2,781	6,652

Other deposits (current)

Included in "Other deposits" are deposits amounting to SGD10,616,000 (2014: SGD9,931,000) paid by Parkson Vietnam Co Ltd ("Parkson Vietnam") to the individual owners of two Vietnamese companies as well as to one of the Vietnamese companies for the purpose of acquiring the share capital of these two Vietnam companies. These companies own three Parkson department stores in Vietnam operated and managed by Parkson Vietnam Management Services Co Ltd, pursuant to management agreements entered into with these companies ("managed stores"). These deposits are non-interest bearing and secured by collateral over the charter capital of the respective companies and assets created with such amounts provided.

During the year, Parkson Vietnam carried out a review on the recoverable amount of the deposits paid for the three managed stores. An impairment loss of SGD8,211,000 (2014: Nil) was recognised in profit or loss for the financial year ended 30 June 2015.

Deferred lease expenses (current and non-current)

Deferred lease expenses relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which are amortised on a straight-line basis over the remaining lease terms ranging from 1 to 23 years (2014: 1 to 24 years).

The movement in deferred lease expenses is as follows:

	Group	
	2015	2014
	SGD'000	SGD'000
At 1 July	13,074	12,497
Additions during the year	951	3,047
Recognised in profit or loss *(Note 8)*	(1,465)	(2,197)
Deferred lease expense of disposal group classified as held for sale	(910)	–
Exchange differences	96	(273)
At 30 June	11,746	13,074

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

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

Loans to subsidiaries

The outstanding balances are non-trade related, unsecured, repayable upon demand and are to be settled in cash. The settlement of loans to subsidiaries is not likely to occur in the foreseeable future. The loans to subsidiaries are non-interest bearing except for loan to one of the subsidiaries amounting to SGD26,741,000 (2014: SGD25,380,000), which bears interest at 10.30% (2014: 9.55%) per annum.

17. INTANGIBLE ASSETS

	Customer relationships	Goodwill	Club memberships	Software	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Group					
Cost					
At 1 July 2013	1,421	5,242	101	1,374	8,138
Additions	–	–	–	315	315
Exchange differences	(262)	(966)	(3)	(107)	(1,338)
At 30 June 2014 and 1 July 2014	1,159	4,276	98	1,582	7,115
Additions	–	–	–	375	375
Written off	–	–	–	(23)	(23)
Intangible assets of disposal group classified as held for sale	–	–	–	(23)	(23)
Exchange differences	(34)	(125)	(7)	(34)	(200)
At 30 June 2015	1,125	4,151	91	1,877	7,244
Accumulated amortisation and impairment loss					
At 1 July 2013	568	–	26	339	933
Additions	246	–	–	350	596
Exchange differences	(119)	–	(1)	(31)	(151)

	Customer relationships	Goodwill	Club memberships	Software	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
At 30 June 2014 and 1 July 2014	695	–	25	658	1,378
Additions	234	–	–	361	595
Written off	–	–	–	(7)	(7)
Intangible assets of disposal group classified as held for sale	–	–	–	(8)	(8)
Exchange differences	(29)	–	(2)	(33)	(64)
At 30 June 2015	900	–	23	971	1,894
Net carrying amount					
At 30 June 2014	464	4,276	73	924	5,737
At 30 June 2015	225	4,151	68	906	5,350

Customer relationships

Customer relationships arise from the Privilege Card loyalty programme that was acquired in a business combination. As disclosed in Note 2.8(b)(ii), customer relationships will be amortised over their estimated useful lives of 5 years and the remaining useful lives is 2 years.

Amortisation expense

The amortisation of customer relationships, club memberships and software is included in the "Depreciation and amortisation expenses" line item in profit or loss.

Impairment testing of goodwill

Intangibles acquired through business combinations have been allocated to the cash-generating unit ("CGU") which is also the reportable geographical segment in Indonesia as described in Note 31. The operations in the Indonesia geographical segment are managed by one of the Company's subsidiary, PT Tozy Sentosa. The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The pre-tax discount rate applied to the cash flow projections and the forecasted growth rates used to extrapolate cash flow projections beyond the five-year period are 18.0% (2014: 18.0%) and 3.0% (2014: 2.0%) respectively.

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

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

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

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

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

During the financial years ended 30 June 2015 and 2014, no impairment loss for intangible assets were recognised in profit or loss.

18. DERIVATIVES

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Option to purchase additional shares in Kiara Innovasi[(1)], representing total financial assets at fair value through profit or loss	19	20

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

19. INVESTMENT SECURITIES

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Current		
Available-for-sale financial assets:		
Money market instruments (quoted)	11,867	21,677
Non-current		
Available-for-sale financial assets:		
Equity instruments (unquoted), at cost	83	91

20. INVENTORIES

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Balance sheet:		
Merchandise inventories	57,789	63,594
Consumables	28	34
	57,817	63,628
Income statement:		
Inventories recognised as an expense in changes in merchandise inventories and consumables	158,014	167,449
Inclusive of the following charge:		
– Inventory shrinkages	865	1,159
– Inventories written-down	209	–

21. CASH AND SHORT-TERM DEPOSITS

	Group		Company	
	2015	2014 (Restated)	2015	2014
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Cash and bank balances	20,432	18,576	593	413
Short-term deposits placed with				
licensed banks	65,184	87,287	7,051	3,101
finance institutions	41,095	23,341	–	–
Cash and short-term deposits	126,711	129,204	7,644	3,514
Bank overdrafts *(Note 25)*	(735)	–	–	–
Cash and cash equivalents	125,976	129,204	7,644	3,514

Cash at banks earn interest at floating rates based on daily bank deposits rates. Short-term deposits earn interests at the respective short-term deposit rates. The weighted average effective interest rates for the Group and the Company as at 30 June 2015 were 3.36% (2014: 3.05%) and 0.41% (2014: 0.33%) respectively per annum.

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

	Group		Company	
	2015	2014	2015	2014
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Singapore Dollar	466	3,276	466	3,276
United States Dollar	11,722	10,614	7,171	66
Sri Lanka Rupee	–	172	–	172

22. DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

On 16 June 2015, the Company announced that Parkson Vietnam Co Ltd ("Parkson Vietnam"), a wholly-owned subsidiary of the Company, entered into a capital assignment agreement with Mr. Hoang Manh Cuong to dispose of a 27.8% interest in the charter capital of Parkson Hanoi Co Ltd ("PHCL") for a cash consideration of USD5,000 (SGD7,000).

The capital assignment transaction of PHCL was completed on 17 August 2015.

As at 30 June 2015, the assets and liabilities related to PHCL have been presented in the balance sheet as "Assets of disposal group classified as held for sale" and "Liabilities of disposal group classified as held for sale."

The major classes of assets and liabilities of PHCL classified as held for sale and the related foreign currency translation reserve as at 30 June 2015 are as follows:

	Group
	2015
	SGD'000
Assets:	
Property, plant and equipment	510
Prepayments	225
Intangible assets	15
Inventories	959
Trade and other receivables	2,176
Tax recoverable	164
Cash and short-term deposits	625
Assets of disposal group classified as held for sale	4,674

	Group 2015 SGD'000
Liabilities:	
Trade and other payables	(3,144)
Other liabilities	(2,343)
Provision for contingent expenses in relation to closure of a store	(64,729)
Deferred tax liabilities	(77)
Liabilities of disposal group classified as held for sale	(70,293)
Net liabilities of disposal group classified as held for sale	(65,619)
Other reserves of disposal group classified as held for sale	(386)

23. TRADE AND OTHER PAYABLES

	Group		Company	
	2015	2014 (Restated)	2015	2014
	SGD'000	SGD'000	SGD'000	SGD'000
Current:				
Trade payables	114,514	127,687	–	–
Payables to suppliers of property, plant and equipment	198	713	–	–
Other payables	22,562	17,148	400	403
Rental deposits	1,355	1,563	–	–
Deferred lease income	79	74	–	–
Amount due to ultimate holding company (non-trade)	5	–	–	–
Amounts due to related companies (non-trade)	1,437	643	512	359
	140,150	147,828	912	762
Non-current:				
Rental deposits	3,254	4,237	–	–
Deferred lease income	1,806	3,975	–	–
Provision for severance allowance	113	125	–	–
Defined benefit plan	434	316	–	–
Other payables	1,342	1,441	–	–
	6,949	10,094	–	–
Total trade and other payables (current and non-current)	147,099	157,922	912	762
Add:				
Other liabilities *(Note 24)*	15,172	15,020	–	–
Bank overdrafts *(Note 25)*	735	–	–	–
Less:				
Deferred lease income	(1,885)	(4,049)	–	–
Defined benefit plan	(434)	(316)	–	–
Provision for severance allowance	(113)	(125)	–	–
Total financial liabilities carried at amortised cost	160,574	168,452	912	762

Trade payables

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

Other payables

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

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

	Group and Company	
	2015	**2014**
	SGD'000	*SGD'000*
Singapore Dollar	223	120

Amounts due to ultimate holding company/related companies (non-trade)

The outstanding balances are non-trade related, unsecured, non-interest bearing, repayable on demand and are to be settled in cash.

Rental deposits (current and non-current)

Rental deposits are unsecured and non-interest bearing. Non-current rental deposits have maturity ranging from 1 to 15 years (2014: 1 to 16 years). The rental deposits are recognised initially at fair value. The difference between the fair value and the absolute deposit amount is recorded in deferred lease income.

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

	Group	
	2015	**2014**
		(Restated)
	SGD'000	*SGD'000*
United States Dollar	139	47

Deferred lease income (current and non-current)

Deferred lease income relate to differences between the fair value of non-current rental deposits recognised on initial recognition and the absolute deposit amount, which is amortised on a straight-line basis over the remaining lease terms ranging from 1 to 15 years (2014: 1 to 16 years). The movement in deferred lease income is as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
At 1 July	4,049	2,620
(Reversal)/additions during the year	(1,417)	2,230
Recognised in profit or loss	(628)	(699)
Reclassification of disposal group classified as held for sale	(107)	–
Exchange differences	(12)	(102)
At 30 June	1,885	4,049

Defined benefit plan

The Group makes provision for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labour Law No. 13/2003. The principal assumptions used in determining post-employment obligations for the Group's defined benefit plan for the financial year ended 30 June 2015 are as follows:

Annual discount rate:	8.74% (2014: 8.74%)
Future annual salary increment:	8% (2014: 8%)
Retirement age:	55 years of age (2014: 55 years of age)

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

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Current service cost	92	80
Interest cost on benefit obligations	34	18
Expected return on planned assets	(6)	–
Net benefit expense recognised in profit or loss	120	98

The estimated liabilities for employee benefits as at the financial years ended 30 June 2015 and 2014 are as follows:

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Defined benefit obligations	505	411
Fair value of planned assets	(71)	(95)
Liabilities as at 30 June	434	316

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

Benefits obligations at 1 July	316	357
Recognised in profit or loss	120	98
Recognised in other comprehensive income	11	(72)
Exchange difference	(13)	(67)
Benefits obligations at 30 June	434	316

24. OTHER LIABILITIES

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Accrued operating expenses	12,936	12,608
Accrued staff costs	301	219
Accrued expenses for additions to property, plant and equipment	253	–
Others	1,682	2,193
	15,172	15,020
Deferred revenue from gift vouchers	8,921	8,685
Deferred revenue from customer loyalty award	2,018	3,290
	26,111	26,995

Deferred revenue from customer loyalty award

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

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
At 1 July	3,290	3,686
Additions during the year	2,238	2,237
Recognised in profit or loss	(3,326)	(2,244)
Deferred revenue of disposal group classified as held for sale	(43)	–
Exchange differences	(141)	(389)
At 30 June	2,018	3,290

Provision for contingent expenses in relation to closure of a store

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
At 1 July	–	–
Recognised in profit or loss	64,729	–
Provision of disposal group classified as held for sale	(64,729)	–
At 30 June	–	–

During the financial year, Parkson Hanoi Co Ltd ("PHCL") made a provision of SGD64,729,000 in relation to the early-termination of a lease at Landmark 72, Hanoi. PHCL holds the operating license for the store at Landmark 72. These contingent expenses represent possible compensation payable by PHCL to the landlord of the Landmark 72 store for breach of terms of tenancy agreement. No legal action has been initiated by the landlord to seek such compensation as at the date of these financial statements but PHCL has provided for this sum as a contingency and will contest any legal claim that may arise.

This amount substantially represents the maximum rental for the remaining lease term of approximately 7 years for the said store. Under the terms of the tenancy agreement, the landlord may seek compensation equivalent to the rental payable during the vacancy period of the premises or where the premises is re-tenanted, the differences in the rental rates (if any). As such, any compensation claim (if successful) will be a lower amount then the maximum contingent expenses provided as at balance sheet date in the event that the premises is re-tenanted, resulting in a possible write-back of the said provision.

Notwithstanding the above contingent provision, the liabilities of PHCL's shareholders are limited to their respective contributed equity capital in the event of dissolution. The Group's contribution to its share of PHCL's equity capital has been fully written down in the previous financial year.

25. BANK OVERDRAFTS

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Current		
Bank overdrafts	735	–

Bank overdrafts are payable on demand, denominated in MYR, bear interest at 4.6% p.a. and are unsecured.

26. SHARE CAPITAL

	Company			
	2015		**2014**	
	No. of shares '000	**SGD'000**	**No. of shares '000**	**SGD'000**
Issued and fully paid ordinary shares:				
At 1 July and 30 June	677,300	231,676	677,300	231,676

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

27. OTHER RESERVES

	Note	Group		Company	
		2015	**2014 (Restated)**	**2015**	**2014**
		SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Foreign currency translation reserve	*(a)*	(43,243)	(36,896)	(30,278)	(11,710)
Capital redemption reserve	*(b)*	1	1	–	–
Capital contribution from ultimate holding company	*(c)*	9,959	9,959	–	–
Merger reserve	*(d)*	(123,753)	(123,753)	–	–
Bargain purchase of non-controlling interests	*(e)*	–	439	–	–
		(157,036)	(150,250)	(30,278)	(11,710)

(a) Foreign currency translation reserve

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

	Group		Company	
	2015	**2014 (Restated)**	**2015**	**2014**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
At 1 July	(36,896)	(24,459)	(11,710)	(4,250)
Foreign currency translation difference	(8,165)	(12,437)	(18,568)	(7,460)
Cumulative exchange differences on disposal of an associate	993	–	–	–
Reserve of disposal group classified as held for sale	825	–	–	–
At 30 June	(43,243)	(36,896)	(30,278)	(11,710)

(b) Capital redemption reserve

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

(c) Capital contribution from ultimate holding company

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

The Company had on 12 October 2011 adopted its own employee share option scheme ("Parkson Retail ESOS") representing equity-settled share options of the Company which can be granted to executives and non-executive directors and eligible employees of the Group at the absolute discretion of the Company. As at 30 June 2015, no options under the Parkson Retail ESOS have been granted. Due to the adoption of the Parkson Retail ESOS, the options held by the eligible employees of the Group under the PHB ESOS were terminated on 31 May 2012 in accordance with the relevant Bylaw of the PHB ESOS which do not allow participation in other company's option scheme. Accordingly, the exercise period for the options under the PHB ESOS granted to the employees of the Group that were due to expire on 6 May 2013 were terminated on 31 May 2012.

(d) Merger reserve

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

(e) Bargain purchase of non-controlling interests

This represents the difference between the carrying value of the non-controlling interests acquired and the fair value of the consideration paid which is recognised directly in equity.

28. DIVIDENDS

	Company	
	2015	2014
	SGD'000	SGD'000
Declared and paid during the financial year:		
Interim exempt (one-tier) dividend for 2015:		
SGD0.04 (2014: SGD0.03) per ordinary share	(27,092)	(20,319)
Final exempt (one-tier) dividend for 2014:		
SGD0.025 (2013: SGD0.027) per ordinary share	(16,933)	(18,287)
	(44,025)	(38,606)
Proposed and not recognised as a liability as at 30 June:		
Dividend on ordinary shares, subject to shareholders' approval at the AGM:		
– Final exempt (one-tier) dividend for 2015:		
SGD0.02 (2014: SGD0.025) per ordinary share	13,546	16,933

29. RELATED PARTY TRANSACTIONS

(a) Sale and purchase of goods and services

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

	Group	
	2015	2014
	SGD'000	SGD'000
Sale of gift vouchers to director related companies:		
– Amsteel Mills Marketing Sdn Bhd	90	83
– Amsteel Mills Sdn Bhd	5	33
– Megasteel Sdn Bhd	5	3
– Posim Petroleum Marketing Sdn Bhd	27	3
– Lion Industries Corporation Sdn Bhd	–	2
– Festival City Sdn Bhd	–	41
– Parkson Holdings Bhd	4	–
	131	165
Purchase of goods and services from director related companies:		
– Secom (Malaysia) Sdn Bhd	266	300
– Posim Marketing Sdn Bhd	596	706
– Posim EMS Sdn Bhd	1,045	663
– Lion Trading & Marketing Sdn Bhd	300	177
– WatchMart (M) Sdn Bhd	135	181
– PT Monica Hijaulestari	4,811	3,971
– Bonuskad Loyalty Sdn Bhd	3,972	4,126
– Brands Pro Management Sdn Bhd	199	163
	11,324	10,287

	Group	
	2015	2014
	SGD'000	SGD'000
Sale of gift vouchers to director related companies:		
Purchase of goods and services from a subsidiary of the ultimate holding company:		
– Park Avenue Fashion Sdn Bhd	8	1
– Parkson Branding Sdn Bhd	626	–
– Watatime (M) Sdn Bhd	38	–
– Parkson Fashion Sdn Bhd	61	–
– Valino International Apparel Sdn Bhd	1,570	–
– Daphne Malaysia Sdn Bhd	24	–
	2,327	1
Sale of goods and services to director related companies:		
– Bonuskad Loyalty Sdn Bhd	5,716	6,166
Rental of office space from a director related company:		
– Visionwell Sdn Bhd	98	81
Rental of office and warehouse space from a subsidiary of a shareholder, PT Mitra Samaya:		
– PT Tozy Bintang Sentosa	245	259
Rental of retail space from a subsidiary of the ultimate holding company:		
– Festival City Sdn Bhd	930	1,875
Royalty expense to a subsidiary of the ultimate holding company:		
– Smart Spectrum Limited	204	190

(b) Compensation of key management personnel

	2015 SGD'000	2014 SGD'000
Short-term employee benefits	1,423	2,321
Contribution to defined contribution plans	102	170
	1,525	2,491
Comprise amounts paid to:		
Directors of the Company	738	1,594
Other key management personnel	787	897
	1,525	2,491

No employee share options were granted to key management personnel during the financial years ended 30 June 2015 and 2014.

30. COMMITMENTS

(a) Capital commitments

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

	Group 2015 SGD'000	Group 2014 SGD'000
Capital commitments in respect of property, plant and equipment	32,827	1,867

(b) Operating lease commitments – as lessee

In addition to the land use right disclosed in Note 12, the Group has entered into commercial leases on certain department stores. These leases have remaining lease terms of between 1 and 22 years (2014: 1 and 23 years) with terms of renewal included in the contracts and there are no restrictions placed upon the Group by entering into these lease agreements.

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

Minimum lease payments, contingent rental payments and amortisation of the land use right recognised as expense in profit or loss for the financial years ended 30 June 2015 and 2014 are disclosed in Note 8.

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

	Group 2015 SGD'000	Group 2014 SGD'000
Not later than one year	82,886	78,118
Later than one year and not later than five years	197,229	196,957
Later than five years	325,445	224,520
	605,560	499,595

(c) Operating lease commitments – as lessor

The Group has entered into commercial subleases on its department stores. These non-cancellable subleases have remaining lease terms of between 1 and 12 years (2014: 1 and 13 years) with terms of renewal included in the contracts.

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

	Group 2015 SGD'000	2014 SGD'000
Not later than one year	11,183	16,765
Later than one year and not later than five years	4,934	21,187
Later than five years	3,296	3,434
	19,413	41,386

31. SEGMENT INFORMATION

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

(a) Malaysia

(b) Vietnam

(c) Indonesia

(d) Myanmar

(e) Cambodia

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

	Malaysia *SGD'000*	Vietnam *SGD'000*	Indonesia *SGD'000*	Myanmar *SGD'000*	Cambodia *SGD'000*	Adjustments *SGD'000*	Unallocated assets/ liabilities *SGD'000*	*Note*	Total *SGD'000*
2015									
Revenue:									
Sales to external customers	322,250	45,175	59,422	1,904	–	–	–		428,751
Segment results:									
Depreciation and amortisation expenses	(11,328)	(4,103)	(4,754)	(290)	–	–	–		(20,475)
Allowance for doubtful trade and other receivables:									
– Deposits paid for closed stores	–	(3,708)	–	–	–	–	–		(3,708)
– Deposits paid for managed stores	–	(8,211)	–	–	–	–	–		(8,211)
Provision for contingent expenses in relation to closure of a store	–	(64,729)	–	–	–	–	–		(64,729)
Rental expenses	(68,510)	(19,015)	(23,243)	(1,050)	–	–	–		(111,818)
Finance income	4,776	1,011	513	–	26	28	–		6,354
Finance costs	(44)	(557)	–	–	–	–	–		(601)
Taxation	(13,427)	(585)	2,049	–	–	(241)	–		(12,204)
Segment profit/(loss)	26,195	(79,196)	(1,304)	(448)	(11)	1,969	–	*A*	(52,795)
Assets:									
Additions to non-current assets	22,821	1,982	7,943	5	–	–	–	*B*	32,751
Segment assets	237,847	63,075	64,094	619	1,103	–	7,669	*C*	374,407
Segment liabilities	130,745	88,064	19,143	984	7	–	5,418	*D*	244,361

	Malaysia	Vietnam	Indonesia	Myanmar	Cambodia	Adjustments	Unallocated assets/ liabilities	Note	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*		*SGD'000*
2014 (Restated)									
Revenue:									
Sales to external customers	333,741	42,761	53,748	1,787	–	–	–		432,037
Segment results:									
Depreciation and amortisation expenses	(12,243)	(4,291)	(3,561)	(270)	–	–	–		(20,365)
Impairment of property, plant and equipment	–	(540)	–	–	–	–	–		(540)
Rental expenses	(64,762)	(22,596)	(15,548)	(997)	–	–	–		(103,903)
Finance income	5,231	1,322	385	–	–	35	–		6,973
Finance costs	(132)	(542)	–	–	–	–	–		(674)
Taxation	(13,493)	97	(2)	–	–	(169)	–		(13,567)
Segment profit/(loss)	33,683	(2,866)	2,699	(959)	(14)	(485)	–	*A*	32,058
Assets:									
Additions to non-current assets	15,300	3,185	18,755	407	–	–	–	*B*	37,647
Segment assets	242,994	74,266	63,403	3,807	5,314	–	30,082	*C*	419,866
Segment liabilities	142,773	22,345	19,157	761	11	–	767	*D*	185,814

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

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

	Group 2015	2014
	SGD'000	**SGD'000**
Corporate income/(expenses)	551	(1,364)
Gain on disposal of an associate	1,379	–
Share of profit of an associate	39	879
	1,969	(485)

B Additions to non-current assets refer to additions to property, plant and equipment, land use rights and intangible assets.

C Unallocated corporate assets are added to the segment assets to arrive at "total assets" reported in the consolidated balance sheet.

D Unallocated corporate liabilities are added to the segment liabilities to arrive at "total liabilities" reported in the consolidated balance sheet.

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

	Group	
	2015	**2014**
	SGD'000	**SGD'000**
Malaysia	46,268	37,851
Vietnam	25,840	29,042
Indonesia	36,985	34,649
Myanmar	1,262	1,630
	110,355	103,172

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

32. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

Fair value hierarchy

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

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

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

			Group	
	2015	**2014**	**2015**	**2014**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
	Quoted prices in active markets for identical instruments (Level 1)		**Significant unobservable inputs (Level 3)**	
Money market instruments *(Note 19)*	11,867	21,677	–	–
Derivatives *(Note 18)*	–	–	19	20

Determination of fair value

Derivatives (Note 18): Fair value is determined using a valuation technique based on the probability of PCSB exercising the option to purchase additional shares in Kiara Innovasi that is not supportable by observable market data.

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

Current trade and other receivables (Note 16), Current trade and other payables (Note 23) and Other liabilities (Note 24)

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

Non-current rental deposits receivables (Note 16) and Non-current rental deposits payables (Note 23)

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

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

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

	Group		**Company**	
	2015	**2014**	**2015**	**2014**
	SGD'000	**SGD'000**	**SGD'000**	**SGD'000**
Financial assets:				
Non-current:				
Loans to subsidiaries, at cost *(Note 16)*:				
Carrying amount	–	–	23,161	32,135
Fair value	–	–	*	*
Current:				
Equity instruments (unquoted), at cost *(Note 19)*:				
Carrying amount	83	91	–	–
Fair value	**	**	–	–

* *Loans to subsidiaries carried at cost*

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

** *Investment in equity instruments carried at cost*

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

33. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

(a) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities and to maintain sufficient levels of cash including short term deposits to meet its working capital requirements.

Analysis of financial instruments by remaining contractual maturities

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

	One year or less	**One to five years**	**Over five years**	**Total**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Group				
30 June 2015				
Financial assets				
Trade and other receivables	12,998	4,571	6,055	23,614
Derivatives	–	–	19	19
Investment securities	11,867	–	83	11,950
Cash and short-term deposits	126,711	–	–	126,711
Total undiscounted financial assets	151,566	4,571	6,157	162,294
Financial liabilities				
Trade and other payables	140,071	3,704	892	144,667
Other liabilities	15,172	–	–	15,172
Bank overdrafts	735	–	–	735
Total undiscounted financial liabilities	155,978	3,704	892	160,574
Total net undiscounted financial assets/(liabilities)	(4,412)	867	5,265	1,720

	One year or less *SGD'000*	One to five years *SGD'000*	Over five years *SGD'000*	Total *SGD'000*
Group				
30 June 2014 (Restated)				
Financial assets				
Trade and other receivables	21,107	2,038	10,367	33,512
Derivatives	–	–	20	20
Investment securities	21,677	–	91	21,768
Cash and short-term deposits	129,204	–	–	129,204
Total undiscounted financial assets	171,988	2,038	10,478	184,504
Financial liabilities				
Trade and other payables	147,754	5,678	–	153,432
Other liabilities	15,020	–	–	15,020
Total undiscounted financial liabilities	162,774	5,678	–	168,452
Total net undiscounted financial assets/(liabilities)	9,214	(3,640)	10,478	16,052

	One year or less *SGD'000*	Over five years *SGD'000*	Total *SGD'000*
Company			
30 June 2015			
Financial assets			
Trade and other receivables	32,462	23,161	55,623
Cash and short-term deposits	7,644	–	7,644
Total undiscounted financial assets	40,106	23,161	63,267
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	912	–	912
Total net undiscounted financial assets	39,194	23,161	62,355

	One year or less *SGD'000*	Over five years *SGD'000*	Total *SGD'000*
Company			
30 June 2014			
Financial assets			
Trade and other receivables	27,493	32,135	59,628
Cash and short-term deposits	3,514	–	3,514
Total undiscounted financial assets	31,007	32,135	63,142
Financial liabilities			
Trade and other payables, representing total undiscounted financial liabilities	762	–	762
Total net undiscounted financial assets	30,245	32,135	62,380

(b) Credit risk

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

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

Excessive risk concentration

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

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

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised on the balance sheets.

Credit risk concentration profile

The Group engages solely in the operation and management of department stores in Malaysia, Vietnam, Indonesia and Myanmar.

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial instruments.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are with creditworthy debtors with good payment record with the Group. Cash and short-term deposits and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 16.

(c) Foreign currency risk

The Group's operations are primarily conducted in Malaysia, Vietnam, Indonesia and Myanmar in Malaysian Ringgit ("RM"), Vietnamese Dong ("VND"), Indonesian Rupiah ("IDR") and Myanmar Kyat ("MMK") respectively.

The Group's entities holds cash and short-term deposits denominated in foreign currencies for working capital purposes and have transactional currency exposures arising from non-trade purchases that are denominated in foreign currencies. In addition, the Group's entities also receive/pay certain rental deposits from/to their tenants/landlords which are denominated in foreign currencies. At the end of the reporting period, such foreign currency denominated balances are mainly in United States Dollar ("USD") and Singapore Dollar ("SGD").

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's loss/profit before tax to a reasonably possible change in the USD and SGD exchange rates against the respective functional currencies of the Group's entities, with all other variables held constant.

		Group 2015	Group 2014
		SGD'000	*SGD'000*
		Profit before tax	
USD against VND	– strengthened 3%	(159)	145
	– weakened 3%	159	(145)
USD against RM	– strengthened 3%	(362)	196
	– weakened 3%	362	(196)
SGD against RM	– strengthened 3%	(7)	95
	– weakened 3%	7	(95)

34. CAPITAL MANAGEMENT

Capital includes debt and equity items as disclosed in the table below.

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2015 and 30 June 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group's guideline is to keep the gearing ratio below 50%. The Group includes within net debt, trade and other payables, other liabilities and loans and borrowings, less cash and short-term deposits and money market instruments. Capital consists of equity attributable to owners of the Company.

	Group 2015	Group 2014 (Restated)
	SGD'000	*SGD'000*
Trade and other payables *(Note 23)*	147,099	157,922
Other liabilities *(Note 24)*	26,111	26,995
Borrowings *(Note 25)*	735	–
Less:		
Cash and short-term deposits *(Note 21)*	(126,711)	(129,204)
Available-for-sale financial assets:		
– Money market instruments (quoted) *(Note 19)*	(11,867)	(21,677)
Net debt	35,367	34,036
Equity attributable to the owners of the Company, representing total capital	148,005	233,898
Capital and net debt	183,372	267,934
Gearing ratio	19.3%	12.7%

35. COMPARATIVE FIGURES

In the course of its business, the Group has entered into various operating lease agreements for store operations.

Based on the guiding principles under FRS 17 *Leases*, the Group has revisited the terms as set out in the lease agreements, which includes escalating rate revisions, to ensure the accounting of lease payments under an operating lease is recognised as an expense on a straight-line basis over the lease term. Resulting therefrom, a subsidiary of the Group who had previously accounted for lease payments based on terms in the lease agreement revised their lease payment computation to conform to recognition of rental expense on a straight-line basis over the lease term. The effect of the adjustments has been made retrospectively.

Certain comparative figures have also been reclassified to conform to current year's presentation.

The effects of the above adjustment items are as follows:

	Group		
	As previously reported	**Adjustments**	**Restated**
	SGD'000	*SGD'000*	*SGD'000*
Consolidated income statement for the financial year ended 30 June 2014			
Rental expenses	(103,308)	(595)	(103,903)
Other expenses	(49,916)	(54)	(49,970)
Profit before tax	46,274	(649)	45,625
Income tax expense	(13,697)	130	(13,567)
Profit for the year	32,577	(519)	32,058
Profit attributable to owners of the Company	34,901	(519)	34,382
Consolidated statement of comprehensive income for the financial year ended 30 June 2014			
Exchange differences on translating foreign operations	(12,455)	10	(12,445)
Total comprehensive income for the year	20,143	(509)	19,634
Total comprehensive income attributable to owners of the Company	22,475	(509)	21,966

	Group			
	As previously reported	**Adjustments**	**Reclassification**	**Restated**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Balance Sheet as at 30 June 2014				
Non-current assets				
Deferred tax assets	3,805	1,192	(69)	4,928
Non-current liabilities				
Deferred tax liabilities	176	–	(69)	107
Current liabilities				
Trade and other payables	141,869	5,959	–	147,828
Equity attributable to owners of the Company				
Other reserves – foreign currency translation reserve	(36,983)	87	–	(36,896)
Retained earnings	157,326	(4,854)	–	152,472

	Group			
	As previously reported	**Adjustments**	**Reclassification**	**Restated**
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*
Balance Sheet as at 1 July 2013				
Non-current assets				
Deferred tax assets	2,097	1,064	–	3,161
Current liabilities				
Trade and other payables	146,451	5,322	–	151,773
Equity attributable to owners of the Company				
Other reserves – foreign currency translation reserve	(24,536)	77	–	(24,459)
Retained earnings	161,010	(4,335)	–	156,675

36. EVENTS OCCURRING AFTER THE REPORTING PERIOD

On 18 August 2015, the Company announced that the capital assignment transaction (as disclosed in Note 22 above) between Parkson Vietnam Co Ltd ("Parkson Vietnam") with Mr. Hoang Manh Cuong was completed on 17 August 2015.

Assuming that the capital assignment was completed as at balance sheet date, the Group would be able to recognize a gain of SGD46,464,000 and the pro forma summarized financial statement would have been as follows:

	As reported	**Gain on partial disposal of PHCL**	**Pro forma**
	SGD'000	*SGD'000*	*SGD'000*
Consolidated income statement for the financial year ended 30 June 2015			
(Loss)/profit before tax	(40,591)	46,464	5,873
Loss for the year	(52,795)	46,464	(6,331)
(Loss)/profit attributable to owners of the Company	(34,688)	46,464	11,776
Group balance sheet as at 30 June 2015			
Current assets	226,014	(4,674)	221,340
Current liabilities	(237,412)	70,293	(167,119)
Net current (liabilities)/assets	(11,398)	65,619	54,221
Equity attributable to owners of the Company			
– Retained earnings	73,751	46,464	120,215
– Other reserves	(157,422)	386	(157,036)
Non-controlling interests	(17,959)	18,769	810

37. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 9 September 2015.

UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

(i) Basis of preparation of the unaudited pro forma financial information of the Enlarged Group

To provide additional financial information, the unaudited pro forma statement of assets and liabilities (the "Unaudited Pro Forma Financial Information of the Enlarged Group") of the Enlarged Group (being the Company and its subsidiaries (the "Group") together with Parkson Retail Asia Limited (being the "Target Company" and its subsidiaries (the "Target Group")) as at 30 June 2015 has been prepared based on:

(a) pursuant to the Company's announcement dated on 15 July 2015, the Group is offered to purchase 67.6% of the total issued common shares of the Target Company (the "Acquisition") for a total cash consideration of S$228.5 million (equivalent to approximately RMB1,030.7 million at an exchange rate of 4.5104).

The adjustment represents the consideration for the acquisition of 67.6% of the total issued common shares of the Target Company. The consideration is to be satisfied by cash and financed by the Group's internal resources.

(b) the historical unaudited consolidated statement of financial information of the Group as at 30 June 2015 which has been extracted from the interim report for the six months ended 30 June 2015 of the Company;

(c) the audited consolidated statement of financial information of the Target Group as at 30 June 2015 which has been extracted from Appendix II to this circular. Exchange rate of 4.558 (as extracted from the People's Bank of China) as at 30 June 2015 is used to translate the audited consolidated statement of financial information of the Target Group as at 30 June 2015 from Singapore Dollar to RMB; and

(d) after taking into account the unaudited pro forma adjustments as described in the notes thereto to demonstrate how the Acquisition might have affected the historical financial information in respect of the Group as if the Acquisition had been completed on 30 June 2015.

The Unaudited Pro Forma Financial Information of the Enlarged Group should be read in conjunction with the financial information contained in this circular and the audited consolidated statement of financial information of the Target Group as set out in Appendix II to this circular.

The Unaudited Pro Forma Financial Information of the Enlarged Group is for illustrative purposes only, and because of its hypothetical nature, it may not give a true picture of the financial position of the Enlarged Group as at 30 June 2015 or at any future date.

(ii) Unaudited Pro Forma Financial Information of the Enlarged Group

	The Group as at 30 June 2015	The Target Group as at 30 June 2015	The Target Group as at 30 June 2015	The Enlarged Group as at 30 June 2015	Unaudited pro forma adjustments		The Enlarged Group as at 30 June 2015
	RMB'000	*S$'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				Before adjustments	*Note 1*	*Note 2*	*After adjustments*
NON-CURRENT ASSETS							
Property, plant and equipment	3,744,763	96,778	441,114	4,185,877			4,185,877
Investment properties	28,714	–	–	28,714			28,714
Land use right	–	8,227	37,499	37,499	(37,499)		–
Prepaid land lease payments	441,092	–	–	441,092	37,499		478,591
Intangible assets	2,161,155	5,350	24,385	2,185,540		629,966	2,815,506
Investment in a joint venture	40,241	–	–	40,241			40,241
Investment in an associate	2,067	–	–	2,067			2,067
Prepayment for purchase of land and buildings	1,196,524	–	–	1,196,524			1,196,524
Prepayments, deposits and other receivables	–	–	–	–	139,954		139,954
Prepayments	–	8,944	40,767	40,767	(40,767)		–
Other assets	442,707	–	–	442,707			442,707
Other receivables	–	21,761	99,187	99,187	(99,187)		–
Derivatives	–	19	87	87			87
Investment securities	–	83	378	378			378
Deferred tax assets	223,484	7,231	32,959	256,443			256,443
Total non-current assets	8,280,747	148,393	676,376	8,957,123			9,587,089
CURRENT ASSETS							
Inventories	317,246	57,817	263,530	580,776			580,776
Investment securities	–	11,867	54,090	54,090			54,090
Trade receivables	37,799	–	–	37,799	18,770		56,569
Trade and other receivables	–	17,440	79,492	79,492	(79,492)		–
Prepayments, deposits and other receivables	838,813	–	–	838,813	94,930		933,743
Prepayments	–	5,234	23,857	23,857	(23,857)		–
Tax recoverable	–	2,271	10,351	10,351	(10,351)		–
Investments in principal guaranteed deposits	2,764,730	–	–	2,764,730			2,764,730
Time deposits	179,728	–	–	179,728	484,420		664,148
Cash and cash equivalents	1,011,323	–	–	1,011,323	93,129	(1,030,666)	73,786
Cash and short-term deposits	–	126,711	577,549	577,549	(577,549)		–
Assets of disposal group classified as held for sale	–	4,674	21,304	21,304			21,304
Total current assets	5,149,639	226,014	1,030,173	6,179,812			5,149,146

	The Group as at 30 June 2015	The Target Group as at 30 June 2015	The Target Group as at 30 June 2015	The Enlarged Group as at 30 June 2015	Unaudited pro forma adjustments		The Enlarged Group as at 30 June 2015
	RMB'000	*S$'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				Before adjustments	*Note 1*	*Note 2*	*After adjustments*
CURRENT LIABILITIES							
Bank overdrafts	–	735	3,350	3,350	(3,350)		–
Interest-bearing bank loans	726,821	–	–	726,821	3,350		730,171
Trade payables	1,366,039	–	–	1,366,039	521,955		1,887,994
Trade and other payables	–	140,150	638,804	638,804	(638,804)		–
Customers' deposits, other payables and accruals	1,676,596	–	–	1,676,596	235,863		1,912,459
Other liabilities	–	26,111	119,014	119,014	(119,014)		–
Tax payable	4,839	123	561	5,400			5,400
Liabilities of disposal group classified as held for sale	–	70,293	320,395	320,395			320,395
Total current liabilities	3,774,295	237,412	1,082,124	4,856,419			4,856,419
NON-CURRENT LIABILITIES							
Bonds	3,035,306	–	–	3,035,306			3,035,306
Interest-bearing bank loans	68,778	–	–	68,778			68,778
Long-term payables	715,753	–	–	715,753			715,753
Customers' deposits, other payables and accruals	–	–	–	–	31,674		31,674
Other payables	–	6,949	31,674	31,674	(31,674)		–
Deferred tax liabilities	262,677	–	–	262,677			262,677
Total non-current liabilities	4,082,514	6,949	31,674	4,114,188			4,114,188
Net assets	5,573,577	130,046	592,751	6,166,328			5,765,628

(iii) Notes to the Unaudited Pro Forma Financial Information of the Enlarged Group

1. The pro forma adjustments represent certain reclassification of the Target Group's assets and liabilities to conform with the Group's presentation. A line-by-line reconciliation statement has been presented in Appendix II. 1 in this circular.

2. The pro forma adjustments represent the aggregate cash consideration and reflect the allocation of the cost of the Acquisition to the identifiable assets and liabilities of the Target Group, which represent:

(a) Fair value adjustments of the identifiable assets and liabilities of the Target Group

Upon Completion of the Acquisition, the identifiable assets and liabilities of the Target Group will be accounted for in the financial statements of the Enlarged Group at fair value under the acquisition method of accounting in accordance with International Financial Reporting Standard 3 "Business Combinations".

For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group, the Directors had assumed that the carrying values of the identifiable assets and liabilities of the Target Group approximated to their fair values, which will be reassessed on the completion date of the Acquisition together with the fair value assessment of the intangible assets and deferred tax impact in related to such fair value adjustments.

(b) Recognition of goodwill in relation to the Acquisition

Goodwill of the Enlarged Group represents the excess of the cost of the Acquisition over the estimated fair value of the identifiable net assets of the Target Group. For the purpose of the Unaudited Pro Forma Financial Information of the Enlarged Group, the Directors had assumed that the estimated fair value of the identifiable net assets of the Target Group as at 30 June 2015 is determined based on the Target Group's net asset carrying values attributable to the equity holders of the Target Group as set out in Note 2(a) above.

Goodwill of the Enlarged Group is calculated as below:

	As at 30 June 2015 *RMB'000*
The consideration of the Acquisitions – to be settled by cash	1,030,666
Less: Identifiable net assets acquired *(note a)*	(400,700)
Goodwill arising from the Acquisitions *(note b)*	629,966

note a: For illustrative purposes, the Directors had assumed the carrying values of the identifiable assets and liabilities of the Target Group approximated to their fair values. The identifiable net assets acquired can be reached by:

	As at 30 June 2015 *RMB'000*
Net assets of the Target Group	592,751
Net assets attributable to the non-controlling shareholders	192,051
Identifiable net assets acquired	400,700

The Directors confirm that the basis used in the preparation of the Unaudited Pro Forma Financial Information of the Enlarged Group is consistent with the accounting policies of the Group, and the accounting policies and the principal assumptions will be consistently adopted in the first set of the financial statements of the Company after the completion.

Since the fair value of the identifiable net assets of the Target Group at the date of completion of the Acquisition may be substantially different from the respective value used in the Unaudited Pro Forma Financial Information of the Enlarged Group, the goodwill recognised at the completion date of the Acquisition may be different from the amount presented above.

The following is the text of a report received from our reporting accountants, Ernst & Young, Certified Public Accountants, Hong Kong, prepared for the purposes of incorporation in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group.

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

15 September 2015

To the Directors of Parkson Retail Group Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Parkson Retail Group Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") together with Parkson Retail Asia Limited (being the "Target Company") and its subsidiary (the "Target Group") (collectively, the "Enlarged Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information of the Enlarged Group consists of the pro forma consolidated statement of assets and liabilities as at 30 June 2015 and related notes as set out on pages 260 to 263 of the circular dated 15 September 2015 (the "Circular") issued by the Company (the "Unaudited Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Unaudited Pro Forma Financial Information are described in Appendix III to the Circular.

The Unaudited Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the proposed acquisition (hereinafter referred to as the "Acquisition") by the Group to acquire 67.6% equity interest in Parkson Retail Asia Limited on the Group's financial position as at 30 June 2015 as if the transaction had taken place on 30 June 2015. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's unaudited consolidated financial statements for the six months ended 30 June 2015, on which a review report has been issued. Information about the Target Group's financial information has been extracted by the Directors from the Target Group's consolidated financial statements for the year ended 30 June 2015, in Appendix II to this Circular, on which an audit report has been issued.

Directors' responsibility for the Unaudited Pro Forma Financial Information

The Directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 ("AG7") "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" issued by HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of the Unaudited Pro Forma Financial Information included in this Circular is solely to illustrate the impact of the Acquisition on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction at 30 June 2015 would have been as presented.

A reasonable assurance engagement to report on whether the Unaudited Pro Forma Financial Information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the Unaudited Pro Forma Financial Information provide a reasonable basis for presenting the significant effects directly attributable to the event or the transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The Unaudited Pro Forma Financial Information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the Group, the event or transaction in respect of which the Unaudited Pro Forma Financial Information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the Unaudited Pro Forma Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purpose of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

OVERVIEW OF THE OVERALL RETAILING MARKET AND DEPARTMENT STORE INDUSTRY IN MALAYSIA

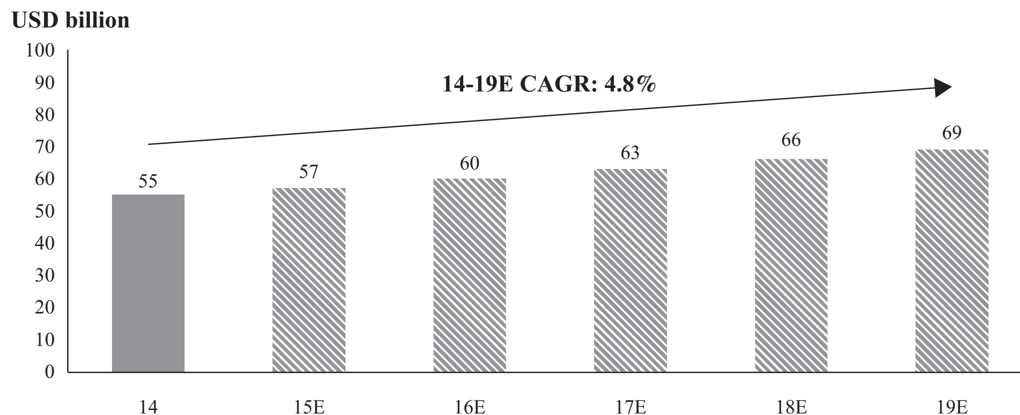
According to Euromonitor International 2015 Edition, the retailing market in Malaysia is projected to increase from approximately USD55 billion in 2014 to USD69 billion in 2019, representing a CAGR of approximately 4.8% during the period 2014-2019 (Figure 1a). The growth in retail sales is mainly encouraged by high domestic savings, low unemployment and robust investments among consumers, especially those in the mid-to high-income segment.

Department stores, variety stores, mass merchandisers and warehouse clubs (collectively referred below as "Mixed Retailers") represent 8.4% of the retailing market in Malaysia in 2014 (Figure 1b). Currently, Mixed Retailers remain an important retailing channel in Malaysia because most of the shopping malls still rely on department stores to rent big spaces and attract crowds. However, Mixed Retailers implemented their expansion plans slowly during 2014, with just eight new outlets opening, as players focus on expanding their product portfolios rather than opening new outlets, due to intense rivalry in this retailing channel. The retail sales value of Mixed Retailers in Malaysia is projected to increase from approximately USD4.6 billion in 2014 to approximately USD6.8 billion in 2019, representing a CAGR of approximately 8.5% from 2014 to 2019 (Figure 1c). Due to the higher growth rate than the overall retailing market, Mixed Retailers' channel share is expected to increase 1.5 percentage points from 8.4% in 2014 to 9.9% in 2019.

Department store format is the dominant channel within the mixed retailer channel in Malaysia by retail sales value, accounting for 98.5% of the overall mixed retailer channel in 2014. Parkson Retail Asia Limited is the second largest department store operator in Malaysia in 2014 by retail sales value, commanding 13.0% market share (Figure 1d).

Figure 1a: Market size of Retailing in Malaysia

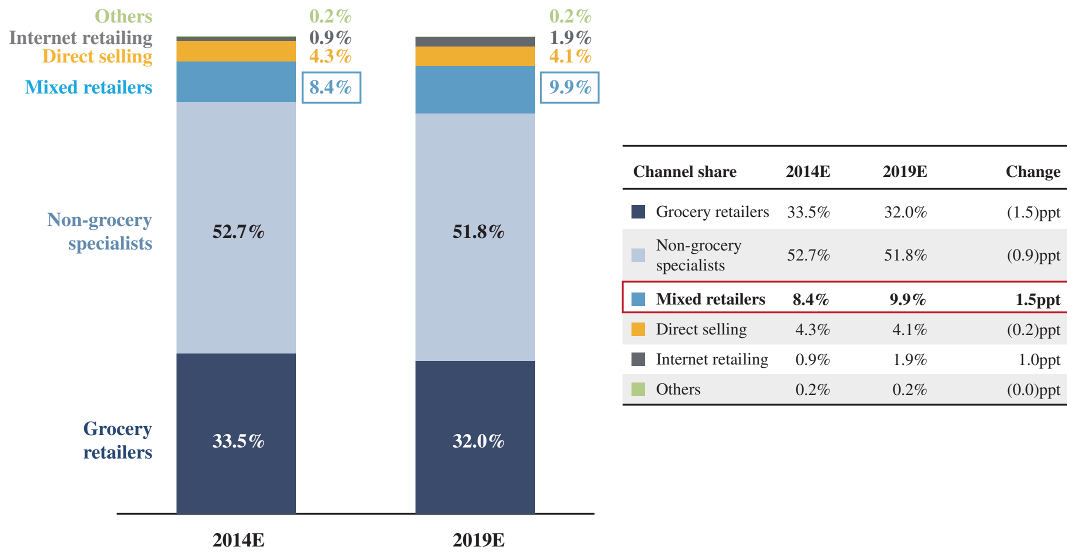
Retail Sales Value excluding sales Tax based on fixed 2014 exchange rates and current prices



Source: Euromonitor International 2015 Edition

Figure 1b: Channel breakdown of Retailing in Malaysia

% Retail Sales Value excluding sales tax

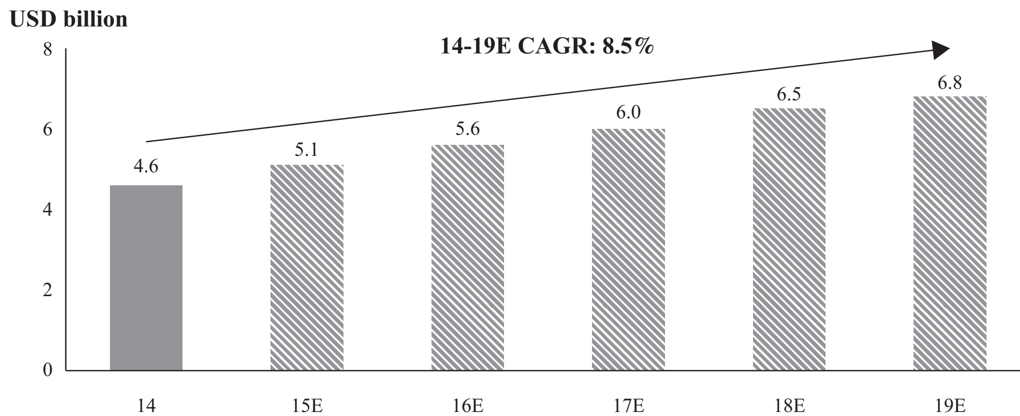


Channel share	2014E	2019E	Change
Grocery retailers	33.5%	32.0%	(1.5)ppt
Non-grocery specialists	52.7%	51.8%	(0.9)ppt
Mixed retailers	**8.4%**	**9.9%**	**1.5ppt**
Direct selling	4.3%	4.1%	(0.2)ppt
Internet retailing	0.9%	1.9%	1.0ppt
Others	0.2%	0.2%	(0.0)ppt

Source: Euromonitor International 2015 Edition

Figure 1c: Market size of Mixed Retailers in Malaysia

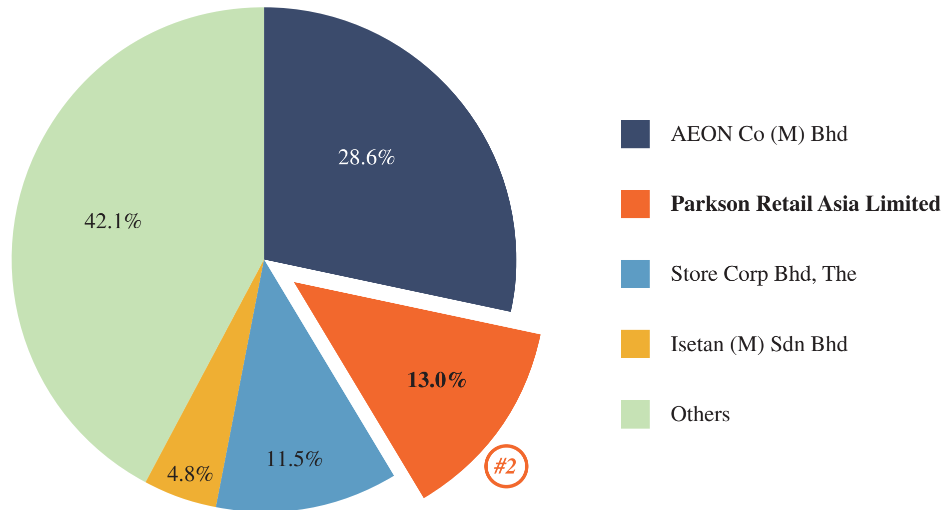
Retail Sales Value excluding sales Tax based on fixed 2014 exchange rates and current prices



Source: Euromonitor International 2015 Edition

Figure 1d: Department Store Company Shares in Malaysia (2014)

% Retail Sales Value excl sales tax



Source: Euromonitor International 2015 Edition

OVERVIEW OF THE OVERALL RETAILING MARKET AND DEPARTMENT STORE INDUSTRY IN INDONESIA

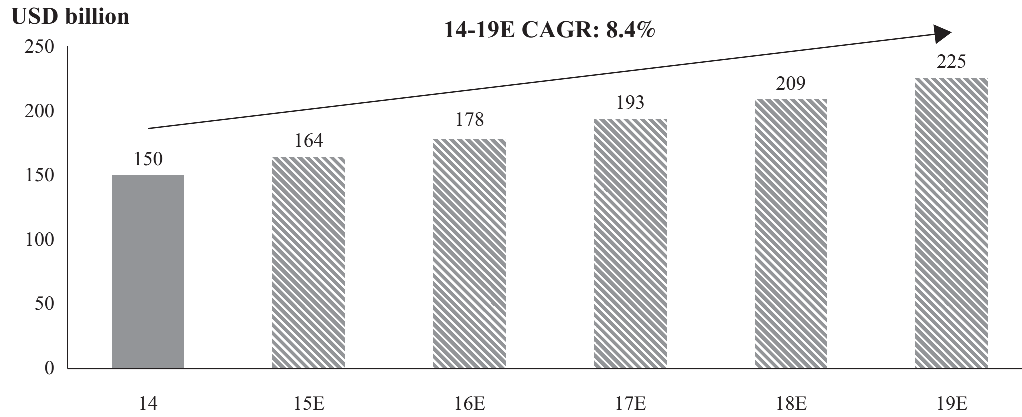
According to Euromonitor International 2015 Edition, the retailing market in Indonesia is projected to increase from approximately USD150 billion in 2014 to USD225 billion in 2019, representing a CAGR of approximately 8.4% during the period 2014-2019 (Figure 2a). The weakening Indonesian Rupiah against US dollar on the back of US's tapering-off policy has contributed to increasing basic living costs and therefore weakened purchasing power among consumers, in particularly middle to low-income groups. This has partly contributed to the slower growth in the retailing market in Indonesia when compared to the historical period.

Mixed Retailers represent 2.3% of the retailing market in Indonesia in 2014 (Figure 2b). Mixed retailers, with department stores in particular, is considered one of the key retail channels in Indonesia. This was driven by the perceived concept of department stores as a one-stop-shopping solution for families. The retail sales value of Mixed Retailers in Indonesia is projected to increase from approximately USD3.5 billion in 2014 to approximately USD6.4 billion in 2019, representing a CAGR of approximately 12.6% from 2014 to 2019 (Figure 2c). Due to the higher growth rate than the overall retailing market, Mixed Retailers' channel share is expected to increase 0.5 percentage points from 2.3% in 2014 to 2.8% in 2019.

Department store format is the dominant channel within the mixed retailer channel in Indonesia by retail sales value, accounting for 98.8% of the overall mixed retailer channel in 2014. Domestic retailers continued to be the dominant players in the department store format, with local brands such as Matahari, Ramayana and Toserba Yogya, among the leading players in the department store format. Parkson Retail Asia Limited is the 5th largest department store operator in Indonesia in 2014 by retail sales value, commanding 4.7% market share (Figure 2d).

Figure 2a: Market size of Retailing in Indonesia

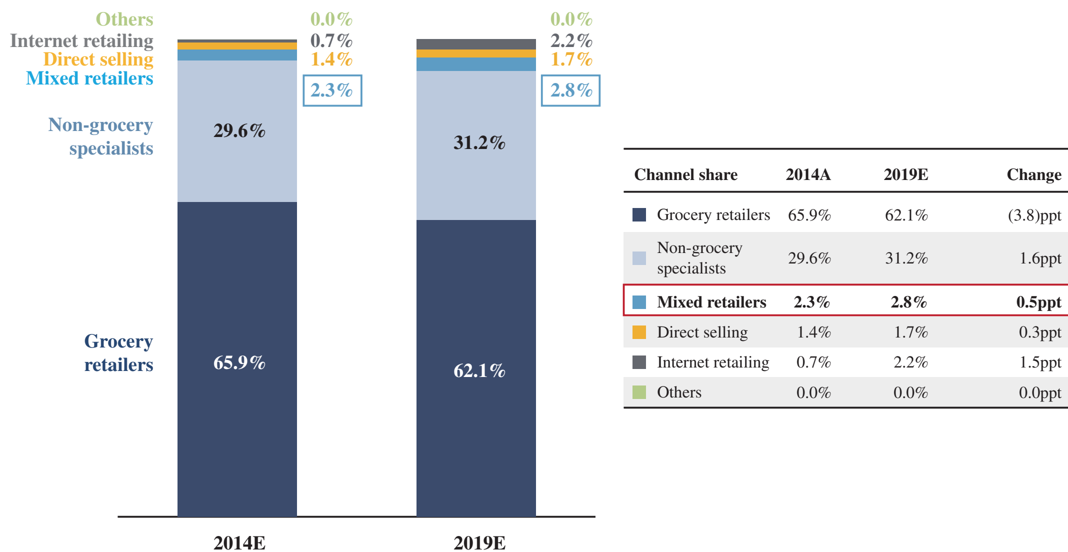
Retail Sales Value excluding sales Tax based on fixed 2014 exchange rates and current prices



Source: Euromonitor International 2015 Edition

Figure 2b: Channel breakdown of Retailing in Indonesia

% Retail Sales Value excluding sales tax

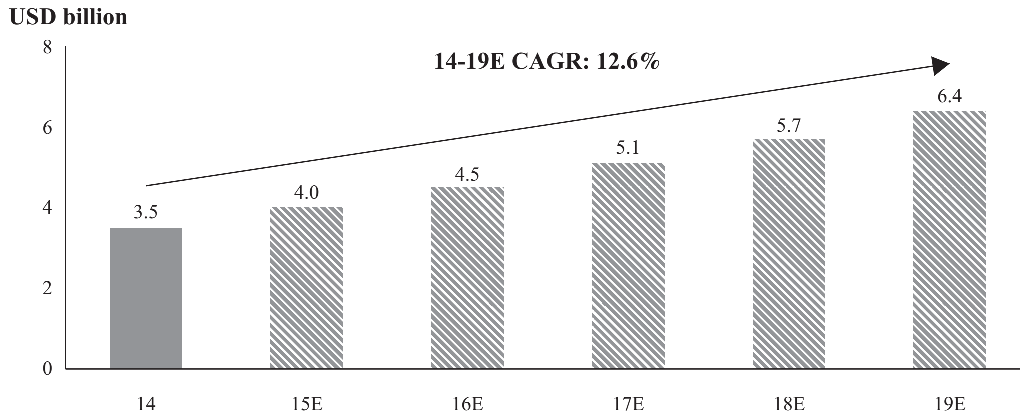


Channel share	2014A	2019E	Change
Grocery retailers	65.9%	62.1%	(3.8)ppt
Non-grocery specialists	29.6%	31.2%	1.6ppt
Mixed retailers	**2.3%**	**2.8%**	**0.5ppt**
Direct selling	1.4%	1.7%	0.3ppt
Internet retailing	0.7%	2.2%	1.5ppt
Others	0.0%	0.0%	0.0ppt

Source: Euromonitor International 2015 Edition

Figure 2c: Market size of Mixed Retailers in Indonesia

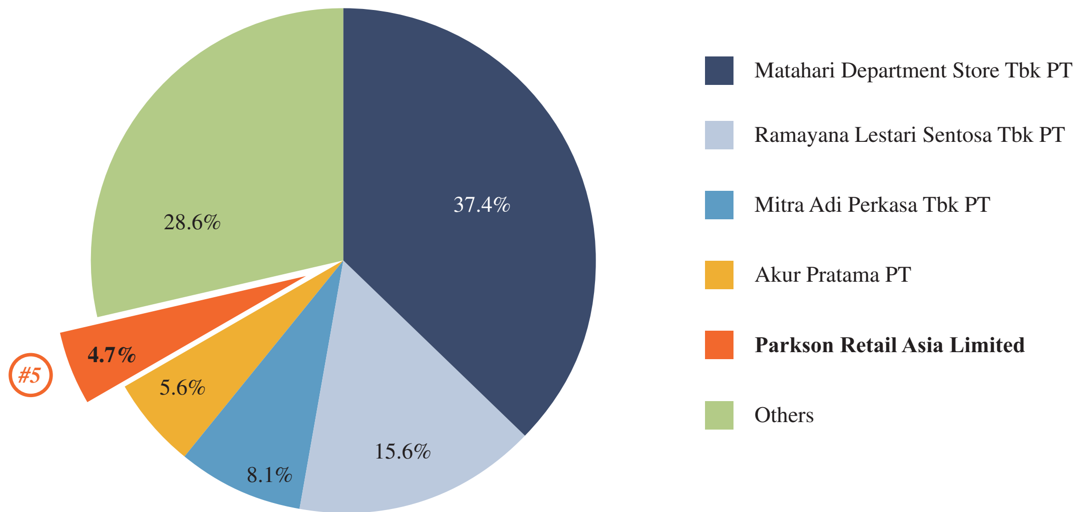
Retail Sales Value excluding sales Tax based on fixed 2014 exchange rates and current prices



Source: Euromonitor International 2015 Edition

Figure 2d: Department Store Company Shares in Indonesia (2014)

% Retail Sales Value excl sales tax



Source: Euromonitor International 2015 Edition

Note: Parkson Retail Asia Limited's department store business is operated under PT. Tozy Sentosa, its 100% owned subsidiary.

OVERVIEW OF THE OVERALL RETAILING MARKET AND DEPARTMENT STORE INDUSTRY IN VIETNAM

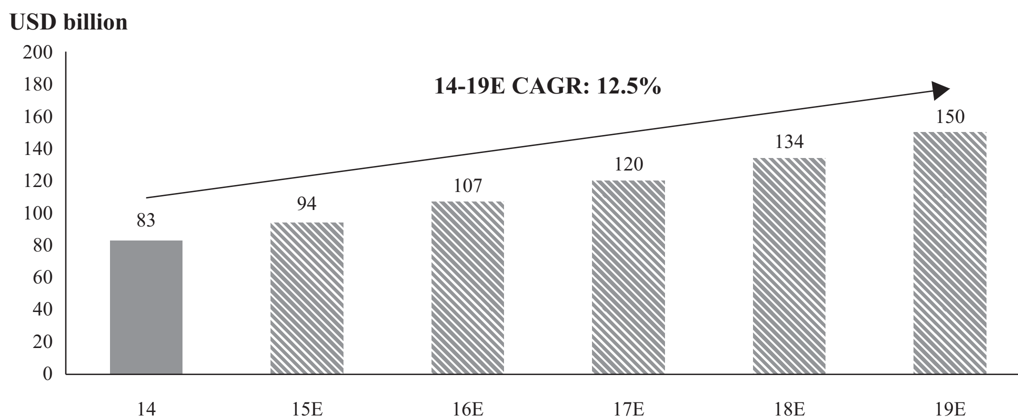
According to Euromonitor International 2015 Edition, the retailing market in Vietnam is projected to increase from approximately USD83 billion in 2014 to USD150 billion in 2019, representing a CAGR of approximately 12.5% during the period 2014-2019 (Figure 3a). The relatively rapid growth is partly attributable to the increasing average income in the country, as well as more stable economic condition.

Mixed Retailers represent 0.3% of the retailing market in Vietnam in 2014 (Figure 3b). The retail sales value of Mixed Retailers in Vietnam is projected to increase from approximately USD241 million in 2014 to approximately USD576 million in 2019, representing a CAGR of approximately 19.0% from 2014 to 2019 (Figure 3c). Due to the higher growth rate than the overall retailing market, Mixed Retailers' channel share is expected to increase 0.1 percentage points from 0.3% in 2014 to 0.4% in 2019.

Department store format is the dominant channel within the mixed retailer channel in Vietnam by retail sales value, accounting for 95.3% of the overall mixed retailer channel in 2014. Parkson Retail Asia Limited is the largest department store operator in Vietnam in 2014 by retail sales value, commanding 70.2% market share (Figure 3d).

Figure 3a: Market size of Retailing in Vietnam

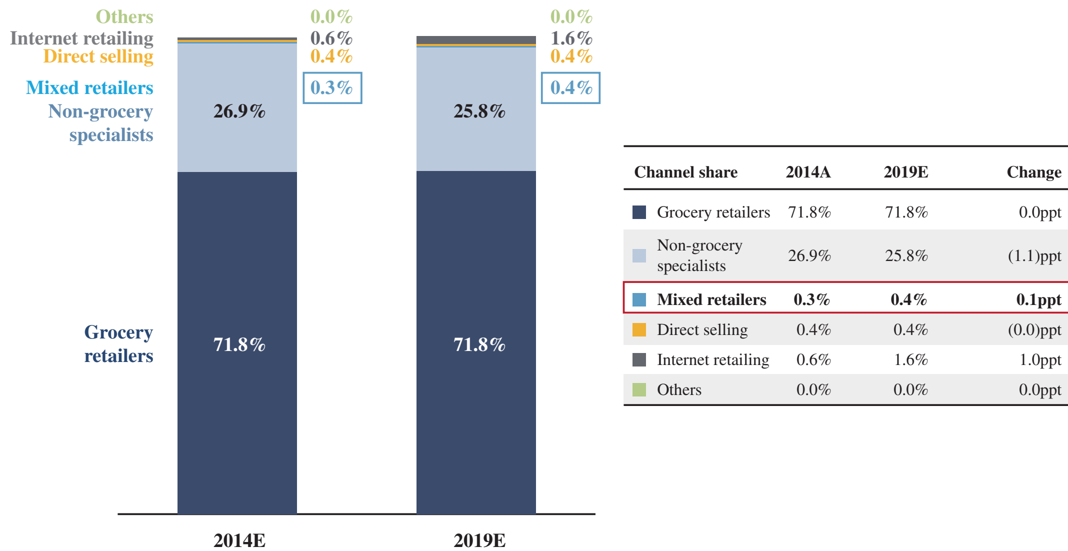
Retail Sales Value excluding sales Tax based on fixed 2014 exchange rates and current prices



Source: Euromonitor International 2015 Edition

Figure 3b: Channel breakdown of Retailing in Vietnam

% Retail Sales Value excluding sales tax

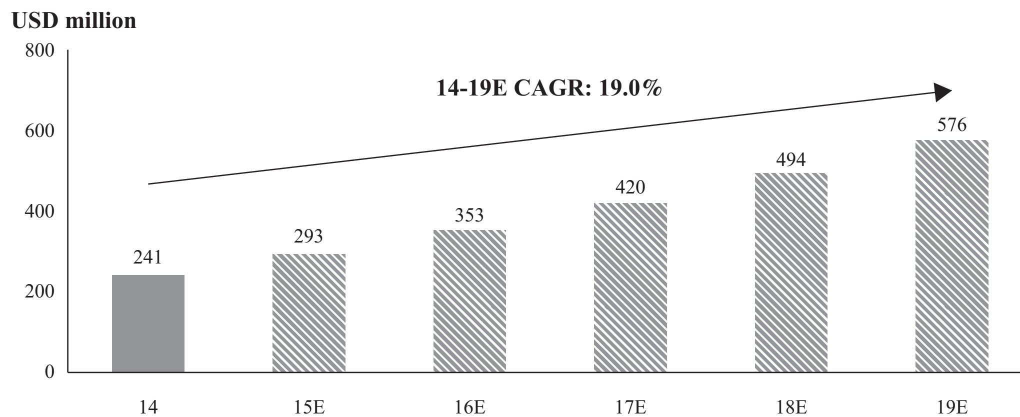


Channel share	2014A	2019E	Change
Grocery retailers	71.8%	71.8%	0.0ppt
Non-grocery specialists	26.9%	25.8%	(1.1)ppt
Mixed retailers	**0.3%**	**0.4%**	**0.1ppt**
Direct selling	0.4%	0.4%	(0.0)ppt
Internet retailing	0.6%	1.6%	1.0ppt
Others	0.0%	0.0%	0.0ppt

Source: Euromonitor International 2015 Edition

Figure 3c: Market size of Mixed Retailers in Vietnam

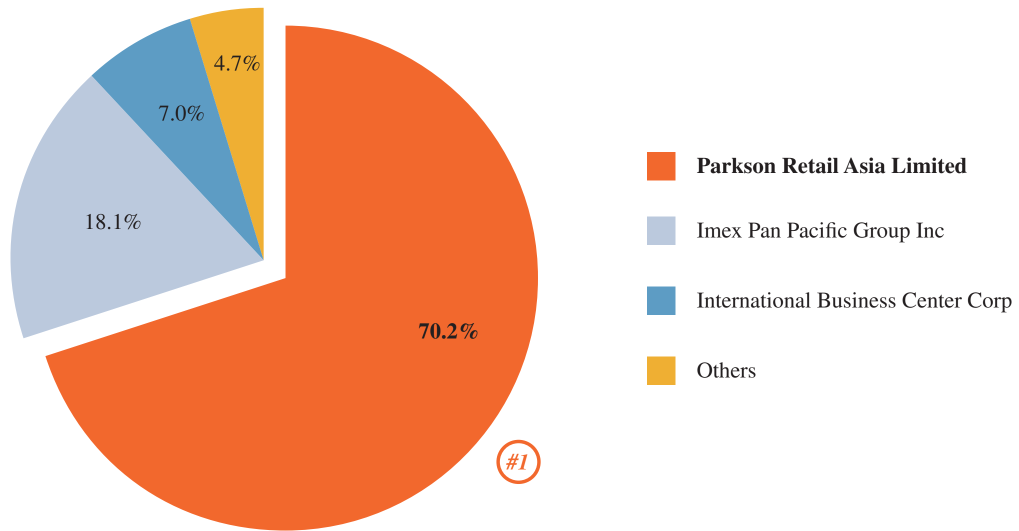
Retail Sales Value excluding sales Tax based on fixed 2014 exchange rates and current prices



Source: Euromonitor International 2015 Edition

Figure 3d: Department Store Company Shares in Vietnam (2014)

% Retail Sales Value excl sales tax



Source: Euromonitor International 2015 Edition

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Group. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.

2. INTERESTS OF DIRECTORS

(a) Interests in securities

As at the Latest Practicable Date, the interests and short positions of the Directors and the chief executive of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which: (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange were as follows:

i. Long positions of Tan Sri Cheng Heng Jem in the share capital of the Company:

Name of corporation	Nature of interest	Name of registered owner	Name of beneficial owner	Number and class of securities	Approximate percentage of shareholding
Company	Corporate interest	PRG Corporation Limited	PRG Corporation Limited	1,438,300,000 ordinary shares	53.1%
Company	Corporate interest	East Crest	East Crest	9,970,000 ordinary shares	0.4%

Note:

1. Tan Sri Cheng Heng Jem, together with his wife, Puan Sri Chan Chau Ha alias Chan Chow Har, through their interest and a series of companies in which they have a substantial interest, are entitled to exercise or control the exercise of more than one-third of the voting power at general meetings of PHB. Since PHB is entitled to exercise or control the exercise of 100% of the voting power at general meeting of PRG Corporation Limited through East Crest, pursuant to the SFO, he is deemed to be interested in both the 1,438,300,000 Shares held by PRG Corporation Limited and the 9,970,000 Shares held by East Crest in the Company.

ii. Long positions of Tan Sri Cheng Heng Jem in the share capital of the Company's associated corporations (as defined in the SFO)

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
PHB	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem together with his spouse Chan Chau Ha @ Chan Chow Har directly, and through a series of controlled corporations	Tan Sri Cheng Heng Jem together with his spouse Chan Chau Ha @ Chan Chow Har directly, and through a series of controlled corporations	654,144,595 ordinary shares	59.87%
East Crest	Corporate interest	PHB	PHB	1 ordinary share	100%
Puncak Pelita Sdn Bhd	Corporate interest	PHB	PHB	2 ordinary shares	100%
Parkson Properties Holdings Co., Ltd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
Parkson Vietnam Investment Holdings Co., Ltd.	Corporate interest	PHB	PHB	2 ordinary shares	100%
Prime Yield Holdings Limited	Corporate interest	PHB	PHB	1 ordinary share	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Corporate Code Sdn Bhd	Corporate interest	PHB	PHB	2 ordinary shares	100%
PRG Corporation	Corporate interest	East Crest	East Crest	1 ordinary share	100%
Smart Spectrum Limited	Corporate interest	East Crest	East Crest	1 ordinary share	100%
Park Avenue Fashion Sdn. Bhd.	Corporate interest	East Crest	East Crest	250,002 ordinary shares	100%
Serbadagang Holdings Sdn. Bhd.	Corporate interest	East Crest	East Crest	2 ordinary shares	100%
Parkson Retail Asia Limited	Beneficial interest and corporate interest	Tan Sri Cheng Heng Jem and through East Crest	East Crest: 457,933,300 Tan Sri Cheng Heng Jem: 500,000	458,433,300 ordinary shares	67.68%
Parkson Properties NDT (Emperor) Co., Ltd.	Corporate interest	Parkson Properties Holdings Co., Ltd.	Parkson Properties Holdings Co., Ltd.	2 ordinary shares	100%
Parkson Properties Hanoi Co., Ltd.	Corporate interest	Parkson Properties Holdings Co., Ltd.	Parkson Properties Holdings Co., Ltd.	1 ordinary share	100%
Parkson HCMC Holdings Co., Ltd.	Corporate interest	Parkson Vietnam Investment Holdings Co., Ltd.	Parkson Vietnam Investment Holdings Co., Ltd.	2 ordinary shares	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Parkson HaiPhong Holdings Co., Ltd.	Corporate interest	Parkson Vietnam Investment Holdings Co., Ltd.	Parkson Vietnam Investment Holdings Co., Ltd.	2 ordinary shares	100%
Parkson TSN Holdings Co., Ltd.	Corporate interest	Parkson Vietnam Investment Holdings Co., Ltd.	Parkson Vietnam Investment Holdings Co., Ltd.	2 ordinary shares	100%
Dyna Puncak Sdn Bhd	Corporate Interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Gema Binari Sdn. Bhd.	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
Prestasi Serimas Sdn Bhd	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2,000,000 ordinary shares	100%
Parkson Credit Holdings Sdn Bhd	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	2 ordinary shares	100%
AUM Hospitality Sdn Bhd	Corporate interest	Prime Yield Holdings Limited	Prime Yield Holdings Limited	60,000 ordinary shares	60%
Dalian Tianhe Parkson Shopping Centre Co., Ltd.	Corporate interest	Serbadagang Holdings Sdn. Bhd.	Serbadagang Holdings Sdn. Bhd.	60,000,000 registered capital (RMB)	60%
Centro Retail Pte Ltd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	2 ordinary shares	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
PT. Tozy Sentosa	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	45,000 ordinary shares	100% (in aggregate)
		Centro Retail Pte Ltd.	Centro Retail Pte Ltd.	5,000 ordinary shares	
Parkson Corporation Sdn. Bhd.	Corporate interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	50,000,002 ordinary shares	100%
Parkson Myanmar Co., Pte. Ltd.	Corporate Interest	Parkson Retail Asia Limited	Parkson Retail Asia Limited	1 ordinary share	100%
Parkson HBT Properties Co., Ltd.	Corporate interest	Parkson TSN Holdings Co., Ltd.	Parkson TSN Holdings Co., Ltd.	2,100,000 capital (USD)	100%
Idaman Erajuta Sdn. Bhd.	Corporate Interest	Dyna Puncak Sdn Bhd	Dyna Puncak Sdn Bhd	2 ordinary shares	100%
Magna Rimbun Sdn Bhd	Corporate Interest	Dyna Puncak Sdn Bhd	Dyna Puncak Sdn Bhd	2 ordinary shares	100%
True Excel Investments Limited	Corporate Interest	Dyna Puncak Sdn Bhd	Dyna Puncak Sdn Bhd	1 ordinary share	100%
Parkson Branding Sdn Bhd	Corporate Interest	Gema Binari Sdn. Bhd.	Gema Binari Sdn. Bhd.	7,000,000 ordinary shares	100%
Giftmate Sdn Bhd	Corporate Interest	Gema Binari Sdn. Bhd.	Gema Binari Sdn. Bhd.	120,000 ordinary shares	60%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Parkson Credit Sdn Bhd	Corporate Interest	Parkson Credit Holdings Sdn Bhd	Parkson Credit Holdings Sdn Bhd	30,000,000 ordinary shares	100%
Entity A Concepts Sdn Bhd	Corporate Interest	AUM Hospitality Sdn Bhd	AUM Hospitality Sdn Bhd	2,000,000 ordinary shares	100%
Entity B Management Sdn Bhd	Corporate Interest	AUM Hospitality Sdn Bhd	AUM Hospitality Sdn Bhd	400,000 ordinary shares	100%
F&B Essentials Sdn Bhd	Corporate Interest	AUM Hospitality Sdn Bhd	AUM Hospitality Sdn Bhd	100,000 ordinary shares	100%
Fantastic Red Sdn Bhd	Corporate Interest	AUM Hospitality Sdn Bhd	AUM Hospitality Sdn Bhd	75,000 ordinary shares	75%
AUM Asiatic Restaurants Sdn Bhd	Corporate Interest	AUM Hospitality Sdn Bhd	AUM Hospitality Sdn Bhd	187,500 ordinary shares	75%
Entity C Sdn Bhd	Corporate Interest	AUM Hospitality Sdn Bhd	AUM Hospitality Sdn Bhd	100,000 ordinary shares	100%
Parkson SGN Co., Ltd.	Corporate Interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	4,500,000 Capital (USD)	100%
Parkson Cambodia Holdings Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	1 ordinary share	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Kiara Innovasi Sdn. Bhd.	Corporate Interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	3,000,000 ordinary shares	60%
Parkson Online Sdn Bhd	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	2,600,000 ordinary shares	100%
Parkson Haiphong Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	30,000,920 capital (USD)	100%
Parkson Vietnam Co., Ltd.	Corporate interest	Parkson Corporation Sdn. Bhd.	Parkson Corporation Sdn. Bhd.	10,340,000 capital (USD)	100%
Parkson Myanmar Investment Company Pte Ltd.	Corporate Interest	Parkson Myanmar Co., Pte Ltd.	Parkson Myanmar Co., Pte Ltd.	2,100,000 ordinary shares	70%
Festival City Sdn. Bhd.	Corporate Interest	Idaman Erajuta Sdn. Bhd.	Idaman Erajuta Sdn. Bhd.	500,000 ordinary shares	100%
Megan Mastika Sdn Bhd	Corporate Interest	Magna Rimbun Sdn Bhd	Magna Rimbun Sdn Bhd	300,000 ordinary shares	100%
True Excel Investments (Cambodia) Co., Ltd.	Corporate Interest	True Excel Investments Limited	True Excel Investments Limited	1,000 ordinary shares	100%
Parkson Fashion Sdn Bhd	Corporate Interest	Parkson Branding Sdn Bhd	Parkson Branding Sdn Bhd	5,000,000 ordinary shares	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Parkson Branding (L) Limited	Corporate Interest	Parkson Branding Sdn Bhd	Parkson Branding Sdn Bhd	300,000 ordinary shares	100%
Business Spirit Sdn Bhd	Corporate Interest	Entity A Concepts Sdn Bhd	Entity A Concepts Sdn Bhd	2 ordinary shares	100%
J Rockets 1 Sdn Bhd	Corporate Interest	Entity A Concepts Sdn Bhd	Entity A Concepts Sdn Bhd	350,000 ordinary shares	100%
Massive Privilege Sdn Bhd	Corporate Interest	Entity A Concepts Sdn Bhd	Entity A Concepts Sdn Bhd	300,000 ordinary shares	100%
Urban Palette Sdn Bhd	Corporate Interest	Entity A Concepts Sdn Bhd	Entity A Concepts Sdn Bhd	720,000 ordinary shares	90%
The Opera Gastroclub Sdn Bhd	Corporate Interest	Entity A Concepts Sdn Bhd	Entity A Concepts Sdn Bhd	2,250,000 ordinary shares	90%
Genuine Resources Sdn Bhd	Corporate Interest	AUM Asiatic Restaurants Sdn Bhd	AUM Asiatic Restaurants Sdn Bhd	1,000,000 ordinary shares	100%
Alunan Omega Sdn Bhd	Corporate Interest	AUM Asiatic Restaurant Sdn Bhd	AUM Asiatic Restaurant Sdn Bhd	300,000 ordinary shares	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Ombrello Resources Sdn Bhd	Corporate Interest	Entity C Sdn Bhd	Entity C Sdn Bhd	100 ordinary shares	100%
Collective Entity Sdn Bhd	Corporate Interest	Entity C Sdn Bhd	Entity C Sdn Bhd	300,000 ordinary shares	60%
Vertigo Dot My Sdn Bhd	Corporate Interest	Entity C Sdn Bhd	Entity C Sdn Bhd	60,000 ordinary shares	60%
Parkson (Cambodia) Co., Ltd.	Corporate interest	Parkson Cambodia Holdings Co., Ltd.	Parkson Cambodia Holdings Co., Ltd.	1,000 ordinary shares	100%
Parkson Vietnam Management Services Co., Ltd.	Corporate Interest	Parkson Vietnam Co., Ltd.	Parkson Vietnam Co., Ltd.	100,000 capital (USD)	100%
Parkson Hanoi Co., Ltd.	Corporate Interest	Parkson Vietnam Co., Ltd.	Parkson Vietnam Co., Ltd.	4,560,000 capital (USD)	42%
Parkson Myanmar Asia Pte. Ltd.	Corporate Interest	Parkson Myanmar Investment Company Pte. Ltd.	Parkson Myanmar Investment Company Pte. Ltd.	30,000 ordinary shares (USD) 1 ordinary share (S$)	100%
Myanmar Parkson Company Limited	Corporate Interest	Parkson Myanmar Investment Company Pte. Ltd.	Parkson Myanmar Investment Company Pte. Ltd.	270,000 ordinary shares	100% (in aggregate)
		Parkson Myanmar Asia Pte. Ltd.	Parkson Myanmar Asia Pte. Ltd.	30,000 ordinary shares	

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Ohla Restaurant Sdn Bhd	Corporate Interest	Vertigo Dot My Sdn Bhd	Vertigo Dot My Sdn Bhd	100 ordinary shares	100%
Providence Club KL Sdn Bhd	Corporate Interest	Vertigo Dot My Sdn Bhd	Vertigo Dot My Sdn Bhd	100 ordinary shares	100%
Parkson Edutainment World Sdn Bhd (formerly known as Matrix Treasure Sdn Bhd)	Corporate Interest	Parkson Corporation Sdn Bhd	Parkson Corporation Sdn Bhd	700,000 ordinary shares	70%
Super Gem Resources Sdn Bhd	Corporate Interest	Parkson Corporation Sdn Bhd	Parkson Corporation Sdn Bhd	2 ordinary shares	100%
Parkson Lifestyle Sdn Bhd (formerly known as Zillion Paramount Sdn Bhd)	Corporate Interest	Parkson Corporation Sdn Bhd	Parkson Corporation Sdn Bhd	2 ordinary shares	100%
Dimensi Andaman Sdn Bhd	Corporate Interest	Megan Mastika Sdn Bhd	Megan Mastika Sdn Bhd	300,000 ordinary shares 53,719,999 redeemable convertible cumulative preference shares	100%

Name of Associated Corporation	Nature of Interest	Name of Registered Owner	Name of Beneficial Owner	Number and Class of Securities	Approximate Percentage of Shareholding
Parkson Unlimited Beauty Sdn Bhd (formerly known as Bold Paramount Sdn Bhd)	Corporate Interest	Parkson Corporation Sdn Bhd	Parkson Corporation Sdn Bhd	2 ordinary shares	100%
Perfect Gatelink Sdn Bhd	Corporate Interest	Parkson Corporation Sdn Bhd	Parkson Corporation Sdn Bhd	2 ordinary shares	100%

iii. Short positions of Tan Sri Cheng Heng Jem in the share capital of the Company's associated corporations (as defined in the SFO):

Name of associated corporations	Nature of interest	Name of registered owner	Name of beneficial owner	Number and class of securities	Approximate percentage of shareholding
PHB	Corporate interest	Tan Sri Cheng Heng Jem together with his spouse Chan Chau Ha @ Chan Chow Har directly, and through a series of controlled corporations	Tan Sri Cheng Heng Jem together with his spouse Chan Chau Ha @ Chan Chow Har directly, and through a series of controlled corporations	40,000,142 ordinary shares	3.66%

iv. Long positions of Chong Sui Hiong in the share capital of the Company

Name of associated corporations	Nature of interest	Name of registered owner	Subject matter/Name of beneficial owner	Number and class of securities	Approximate percentage of shareholding *(note 1)*
Company	Beneficial interest	Chong Sui Hiong	Chong Sui Hiong	20,000 ordinary shares	Less than 0.01%
Company	Beneficial interest	Chong Sui Hiong	Option to subscribe for shares *(note 2)*	750,000 ordinary shares	0.02%

Notes:

1. Based on the issued and paid up share capital of the Company as at 30 June 2015.

2. Offer was made on 27 November 2012 pursuant to the share option scheme adopted on 9 November 2005.

v. Long positions of Ko Tak Fai, Desmond in the share capital of the Company:

Name of associated corporations	Nature of interest	Name of Beneficiary	Subject matter	Number and class of securities	Approximate percentage of shareholding *(note 1)*
Company	Beneficial interest	Ko Tak Fai, Desmond	Option to subscribe for shares *(note 2)*	150,000 ordinary shares	Less than 0.01%

Notes:

1. Based on the issued and paid up share capital of the Company as at 30 June 2015.

2. Offer was made on 27 November 2012 pursuant to the share option scheme adopted on 9 November 2005.

vi. Long positions of Yau Ming Kim, Robert in the share capital of the Company:

Name of associated corporations	Nature of interest	Name of Beneficiary	Subject matter	Number and class of securities	Approximate percentage of shareholding *(note 1)*
Company	Beneficial interest	Yau Ming Kim, Robert	Option to subscribe for shares *(note 2)*	150,000 ordinary shares	Less than 0.01%

Notes:

1. Based on the issued and paid up share capital of the Company as at 30 June 2015.

2. Offer was made on 27 November 2012 pursuant to the share option scheme adopted on 9 November 2005.

vii. Long positions of Juliana Cheng San San in the share capital of the Company:

Name of associated corporations	Nature of interest	Name of Beneficiary	Subject matter	Number and class of securities	Approximate percentage of shareholding *(note 1)*
Company	Beneficial interest	Juliana Cheng San San	Option to subscribe for shares *(note 2)*	750,000 ordinary shares	Less than 0.03%

Notes:

1. Based on the issued and paid up share capital of the Company as at 30 June 2015.

2. Offer was made on 27 November 2012 pursuant to the share option scheme adopted on 9 November 2005.

Save as disclosed above, as at the Latest Practicable Date, none of the Directors or the chief executive of the Company had any interest or short position in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO) which: (i) were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they were deemed or taken to have under such provisions of the SFO); or (ii) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (iii) were required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers in the Listing Rules, to be notified to the Company and the Stock Exchange.

(b) Other interests

As at the Latest Practicable Date,

(i) none of the Directors had any direct or indirect interest in any asset which had been acquired, or disposed of by, or leased to any member of the Group, or was proposed to be acquired, or disposed of by, or leased to any member of the Group since 31 December 2014, the date to which the latest published audited financial statements of the Group were made up;

(ii) Directors' Interest in Contracts of Significance

As at the Latest Practicable Date, no contracts of significance to which the Company, its holding company, subsidiaries or fellow subsidiaries was a party and in which a Director of the Company had a material interest, whether directly or indirectly, except for the following connected transactions in which Tan Sri Cheng Heng Jem had a material interest through the Connected Persons as listed in the table below:

Type of contract	Connected Persons	Nature of the contracts
Deed of Non-competition	PHB	PHB grant to the Company a call option on PHB's interest in their retail businesses in the PRC and an undertaking not to compete with the business of the Group in the PRC (details are set out in page 61 of the Company's annual report for the financial year 2014).
Trademark license agreement	Smart Spectrum Limited (novated by Parkson Corporation Sdn. Bhd.)	Smart Spectrum Limited (a wholly-owned subsidiary of PHB) grant to Shanghai Lion Investment (an indirect wholly-owned subsidiary of the Company) an exclusive license to use certain trademarks, including the "Parkson" and "Xtra" trademarks (details are set out in page 61 of the Company's annual report for the financial year 2014).

Type of contract	Connected Persons	Nature of the contracts
Joint Venture Agreement (“JV Agreement”)	AUM Hospitality Sdn. Bhd. (AUMH”), which is 60% held by a wholly-owned subsidiary of PHB	The Company has through a wholly-owned subsidiary, Grand Parkson, entered into a JV Agreement with AUMH to establish a JV company for the purposes of developing its food and beverage business in China (details are set out in the announcement of the Company issued on 26 January 2015).

and

(iii) none of the Directors or their respective associates was interested in any business apart from the business of the Group, which competed or was likely to compete, either directly or indirectly, with that of the Group.

3. INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at the Latest Practicable Date, so far as was known to any Director or the chief executive of the Company, the following persons (other than any Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group:

Name of shareholder	Nature of interest	Number of shares	Percentage of shareholding (direct or indirect)
PHB	Corporate interest	1,448,270,000 *(Note 2)*	53.5%
PRG Corporation Limited	Beneficial interest	1,438,300,000 *(Note 2)*	53.1%
Puan Sri Chan Chau Ha alias Chan Chow Har	Interest of spouse	1,448,270,000 *(Note 3)*	53.5%

Name of shareholder	Nature of interest	Number of shares	Percentage of shareholding (direct or indirect)
Wang Hung Roger	Beneficial interest, and Trustee	244,362,000 *(Note 4)*	9.0%
Wang Hsu Vivine H	Interest of spouse and beneficiary of a Trust	244,362,000 *(Note 5)*	9.0%
GEICO Holdings Limited	Corporate interest	234,082,846 *(Note 6)*	8.6%
Golden Eagle International Retail Group Limited	Beneficial interest	234,082,846 *(Note 6)*	8.6%
Wang Dorothy S L	Beneficiary of a Trust	234,082,846	8.6%
Wang Janice S Y	Beneficiary of a Trust	234,082,846	8.6%
Prudential plc	Corporate interest	168,095,000 *(Note 7)*	6.2%
FIL Limited	Investment manager	139,163,000	5.1%

Notes:

1. All of the above are long positions.

2. PRG Corporation Limited is a wholly-owned subsidiary of East Crest which in turn is wholly-owned by PHB. By virtue of the SFO, PHB is deemed to be interested in the Shares held by PRG Corporation Limited in the Company.

3. Puan Sri Chan Chau Ha alias Chan Chow Har is the wife of Tan Sri Cheng Heng Jem and is deemed to be interested in 1,448,270,000 Shares which Tan Sri Cheng Heng Jem is deemed to be interested in for the purposes of the SFO.

4. The capacities of Wang Hung Roger in holding the 244,362,000 Shares (Long position) were as to 10,279,154 Shares (Long position) as beneficial owner and 234,082,846 Shares (Long position) as trustee.

5. Wang Hsu Vivine H is the wife of Wang Hung Roger and is deemed to be interested in 244,362,000 Shares held by Wang Hung Roger.

6. Golden Eagle International Retail Group Limited is wholly-owned by GEICO Holdings Limited. By virtue of the SFO, GEICO Holdings Limited is deemed to be interested in the Shares held by Golden Eagle International Retail Group Limited in the Company.

7. The interest of Prudential plc was attributable on account through a number of its subsidiaries.

As at the Latest Practicable Date, so far as the Directors are aware, each of the following persons, not being a Director of chief executive of the Company, was directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of a member of the Group other than the Company:

Substantial Shareholder	Member of the Group	Percentage of equity interest held
Xinjiang Youhao *(Note 1)*	Xinjiang Parkson	49%
Wuxi Sunan *(Note 2)*	Wuxi Parkson	40%
Chongqing Wanyou *(Note 3)*	Chongqing Parkson	30%
Guizhou Shenqi Enterprise *(Note 4)*	Guizhou Parkson	40%
Shanghai Nine Sea Industry	Shanghai Lion Property *(Note 5)*	71%
Shanghai Nine Sea Industry	Shanghai Nine Sea Parkson *(Note 6)*	29%

Notes:

1. Xinjiang Friendship (Group) Co., Ltd. ("Xinjiang Youhao") owns 49% of the equity interest of Xinjiang Youhao Parkson Development Co., Ltd. ("Xinjiang Parkson").

2. Wuxi Sunan Investment Guarantee Co., Ltd. ("Wuxi Sunan") owns 40% of the equity interest of Wuxi Sanyang Parkson Plaza Co., Ltd. ("Wuxi Parkson").

3. Chongqing Wanyou Economic Development Co., Ltd. ("Chongqing Wanyou") owns 30% of the equity interest of Chongqing Wanyou Parkson Plaza Co., Ltd. ("Chongqing Parkson").

4. (i) Guizhou Shenqi Enterprise owns 40% of the equity interest of Guizhou Shenqi Parkson Retail Development Co., Ltd. ("Guizhou Parkson").

   (ii) Zhang Pei, Zhang Zhi Jun and Zhang Ya own 30%, 40% and 30% of the equity interest in Guizhou Shenqi Enterprise, respectively, representing a 12%, 16% and 12% indirect equity interest in Guizhou Parkson.

5. Shanghai Nine Sea Lion Properties Management Co., Ltd. ("Shanghai Lion Property") is a cooperative joint venture enterprise established under the laws of the PRC between Shanghai Nine Sea Industry Co., Ltd. ("Shanghai Nine Sea Industry") and Exonbury Limited ("Exonbury"), a wholly-owned subsidiary of the Company. Shanghai Nine Sea Industry is entitled to 71% of the voting rights in the board of Shanghai Lion Property and 65% of its distributable profits. The Group is entitled to 29% of the voting rights in the board of Shanghai Lion Property and 35% of its distributable profits.

6. Shanghai Nine Sea Parkson Plaza Co., Ltd. ("Shanghai Nine Sea Parkson") is a cooperative joint venture enterprise established under the laws of PRC between Shanghai Nine Sea Industry and Exonbury. Shanghai Nine Sea Industry is entitled to 29% of the voting rights in the board of Shanghai Nine Sea Parkson and a pre-determined distribution of income from Shanghai Nine Sea Parkson. The Group is entitled to 71% of the voting rights in the board of Shanghai Nine Sea Parkson and 100% of its distributable profit after deducting the aforesaid pre-determined distribution of income attributable to Shanghai Nine Sea Industry.

Save as disclosed above, as at the Latest Practicable Date, so far as was known to any Director or the chief executive of the Company, no persons (other than any Director or the chief executive of the Company) had an interest or short position in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who were, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of the Group.

Tan Sri Cheng Heng Jem is the Chairman and Managing Director of PHB, which is a company which has an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance.

4. SERVICE CONTRACTS

As at the Latest Practicable Date,

(a) Tan Sri Cheng Heng Jem and Chong Sui Hiong have each entered into an appointment letter/a service contract with the Company commencing from 9 November 2014 and 13 November 2014 respectively under which they agreed to act as Executive Directors for a term of three years. The appointment may be terminated before such expiry by not less than three months' written notice. Tan Sri Cheng Heng Jem will receive an annual Director's fee of HK$240,000 under the appointment letter. Chong Sui Hiong will receive an annual salary with bonus and incentive payment at the discretion of the Board and an annual Director's fee of HK$240,000.

(b) Datuk Lee Kok Leong and Dato' Dr. Hou Kok Chung have each entered into service contract with the Company commencing from 1 September 2014 and 13 November 2014 respectively under which they have agreed to act as Non-executive Directors for a period of three years and will receive an annual Director's fee of HK$240,000.

(c) Dato' Fu Ah Kiow has entered into service contract with the Company commencing from 13 November 2014 under which he agreed to act as an Independent Non-executive Director for a period of one year which may only be renewed twice, pursuant to which Dato' Fu Ah Kiow will receive an annual Director's fee of HK$240,000.

(d) Ko Tak Fai, Desmond and Yau Ming Kim, Robert have each signed a letter of appointment with the Company on 13 October 2014 and 17 December 2012 respectively under which they agreed to act as Independent Non-executive Directors for a period of one year and shall continue thereafter subject to a maximum of three years unless terminated in accordance with the terms of the appointment letters. The annual Director's fee for each Independent Non-executive Director is HK$240,000.

(e) Juliana Cheng San San has entered into an appointment letter with the Company commencing from 28 August 2015 under which she agreed to act as Executive Director for a term of three years. The appointment may be terminated before such expiry by not less than three months' written notice. Juliana Cheng San San will receive an annual Director's fee of HK$240,000 under the appointment letter.

Save as disclosed above, none of the Directors has any existing or a proposed services contracts with any member of the Group (excluding contracts expiring or determinable by the relevant Group member within one year without payment of compensation other than statutory compensation).

Competing Interests

As at the Latest Practicable Date, none of the Directors or the chief executive of the Company and their respective associates had any interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group except for the interests held by Tan Sri Cheng Heng Jem (through PHB) in 1 Parkson branded department store in the PRC. Details of that Parkson branded department store are set out in the prospectus of the Company issued on 17 November 2005. The Company possessed an option/right of refusal to acquire that Parkson branded department store as and when it deems fit.

5. LITIGATION

Save as disclosed below, as at the Latest Practicable Date, so far as the Directors are aware, no member of the Enlarged Group was engaged in any litigation or claim of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened by or against any member of the Enlarged Group.

(a) Litigation in relation to Tenancy between Parkson Retail Development Co., Ltd. and the landlord of the CNACM Premises

Reference is made to the announcement of the Company dated 5 June 2015. Parkson Retail Development Co., Ltd. (百盛商業發展有限公司) (an indirect wholly-owned subsidiary of the Company) (the "**Tenant**") operates a flagship store, part of which is situated at the China National Arts and Crafts Museum ("**CNACM**") and was leased from the landlord of the CNACM Premises (as defined below) under several tenancy agreements. One of the tenancy agreements was entered into in October 1993 (the "**Head Tenancy Agreement**") in respect of an area of approximately 18,000 square meters (the "**CNACM Premises**") for a term of 30 years under which a tenancy renewal agreement will be entered into every five years. The Tenant and the landlord of the CNACM Premises entered into a renewal agreement in accordance with the Head Tenancy Agreement in 1998 and 2003 respectively, each for a term of five years.

In 2005, the Tenant and the landlord of the CNACM Premises entered into a supplemental renewal agreement (the "**2005 Renewal Agreement**"), pursuant to which, among other things, it was provided that:

(i) the Tenant and the landlord of the CNACM Premises agreed that the term of the lease created under the agreement signed in 2003 would extend to 30 September 2014; and

(ii) after the expiry of the 2005 Renewal Agreement, the landlord of the CNACM Premises and the Tenant would renew the tenancy in accordance with the Head Tenancy Agreement.

The landlord of the CNACM Premises had not entered into renewal agreement with the Tenant to continue the tenancy after the expiry of the 2005 Renewal Agreement as provided under the 2005 Renewal Agreement. Instead, the landlord of the CNACM Premises gave notice to the Tenant in August and September 2014 demanding the Tenant to vacate the CNACM Premises and refused to accept the cheque of the Tenant for the payment of rental.

In October 2014, the Tenant initiated legal proceedings at the People's Court of the Western District of Beijing (the "**Court**") requesting the Court to, *inter alia*, order the landlord of the CNACM Premises to perform the Head Tenancy Agreement and to pay all the costs in connection with the legal proceedings.

In May 2015, the landlord of the CNACM Premises filed a counterclaim (the "**Counterclaim**") against the Tenant requesting the Court to order the Tenant to, *inter alia*, (i) vacate the CNACM Premises; (ii) pay a fee for occupying the CNACM Premises during the period from 1 October 2014 up to the date on which the Tenant has vacated the CNACM Premises, such fee being RMB47,488,000 calculated up to 30 April 2015; and (iii) pay all the costs in connection with the legal proceedings. The Court had arranged for a meeting between the Tenant and the Landlord scheduled to be held on 12 June 2015. On 3 June 2015, the Tenant was notified by the Court that the Court had cancelled the meeting and expected the parties to proceed to trial directly. The Tenant will pursue its claims and defend against the Counterclaim vigorously.

(b) Arbitration Award in Relation to Tenancy between the Tenant and the Landlord of the Metro City Premises

Reference is made to the announcement of the Company dated 31 March 2015 and 24 April 2015. On 22 September 2006, the Tenant and the landlord of the Metro City Premises (as defined below) entered into a tenancy agreement (the "**Tenancy Agreement**") in respect of part of the premises suited at the first floor to fourth floor of Metro City Shopping Plaza (美羅城購物中心) (the "**Plaza**"), 189 Middle of the Fourth Ring Road, Eastern Chaoyang District, Beijing, with a total area of approximately 25,140 square metres (the "**Metro City Premises**") for a term of 20 years.

Since April 2012, the landlord of the Metro City Premises had repeatedly and unilaterally requested the Tenant to reduce the total area of the Metro City Premises under the Tenancy Agreement or alternatively terminate the Tenancy Agreement in return for compensation from

the landlord of the Metro City Premises equalling three months' rental payments, and the landlord of the Metro City Premises had at the same time taken actions adverse to the business of the Metro City Premises and the Tenant, including, among other things, suspending supply of air-conditioning and installing fences at the Plaza and sealing off the main entrances which resulted in the decline in customers.

On 6 December 2012, the landlord of the Metro City Premises issued a notice of breach of contract to the Tenant, requesting the Tenant to vacate the Metro City Premises within 30 days.

On 27 December 2012, the Tenant submitted an application to the China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會) (the "**Arbitration Commission**") applying for an arbitration ruling from the Arbitration Commission in respect of the disputes between the Tenant and the landlord of the Metro City Premises arising from the Tenancy Agreement and sought a ruling from the Arbitration Commission, among other things, that the landlord of the Metro City Premises should continue to perform the Tenancy Agreement and remove the fences around the Plaza.

According to the arbitral award dated 25 March 2015 (the **"Arbitral Award"**) issued by the Arbitration Commission, the Arbitration Commission made an award in favour of the landlord of the Metro City Premises who is an independent third party and ordered the Tenant to, among other things, pay to the Landlord:

(i) a lump sum fee in the amount of RMB36,757,641.60;

(ii) a daily fee calculated at the rate of RMB3.46 per square metre for the period from 1 November 2014 up to the date on which the Premises was surrendered to the Landlord (which was 26 March 2015), totalling RMB12,612,738.00;

(iii) the Tenant shall pay to the Landlord rental in the amount of RMB89,923,270.22 (being the difference between the amount of rental which the Tenant had already paid and the amount of rental which the Arbitration Commission had determined to be payable by the Tenant); and

(iv) the Tenant shall pay an arbitration fee of RMB1,101,864.80 to the Landlord.

On 22 April 2015, the Tenant received an enforcement notice (the "**Enforcement Notice**") from the Third Intermediate Court of Beijing stating that the landlord of the Metro City Premises had applied to such court for enforcement of the Arbitral Award on 16 April 2015. According to the Enforcement Notice, the Tenant was required to:

(i) surrender the Metro City Premises to the landlord of the Metro City Premises;

(ii) pay a penalty for the Tenant's delay in performance of the Arbitral Award; and

(iii) be responsible for the actual expenses incurred in the enforcement and other economic loss arising out of the enforcement.

The Enforcement Notice did not deal with the payment of the approximately RMB140 million which was part of the Arbitral Award. The landlord of the Metro City Premises needs to separately apply for an order from a PRC court in order to enforce the payment of the RMB140 million. The landlord of the Metro City Premises had already taken possession of the Premises.

The Tenant submitted an application for revocation of the Arbitral Award to the Second Intermediate Court of Beijing on 22 April 2015 and received a notice of the acceptance of its application issued by the Second Intermediate Court of Beijing on the same date. According to PRC law, the PRC court shall suspend the enforcement of the Arbitral Award after the court has accepted the Tenant's application for revocation of the Arbitral Award.

6. EXPERT AND CONSENT

Name	Qualification
Ernst & Young	Certified public accountants
Ernst & Young LLP	Public accountants and Chartered accountants
Investec Capital Asia Limited	A licensed corporation permitted to carry on Type 1 (dealing in securities), Type 4 (advising on securities), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO, being the independent financial adviser appointed to advise the Independent Board Committee and the Independent Shareholders

The above experts have given and have not withdrawn their written consent to the issue of the circular with the inclusion of their letter or opinion or advice and the reference to their names in the form and context in which they appear.

As at the Latest Practicable Date, the above experts are not beneficially interested in the share capital of any member of the Group nor do they have any right, whether legally enforceable or not, to subscribe for or to nominate persons to subscribe for securities in any member of the Group nor do they have any interest, either direct or indirect, in any assets which have been, since 31 December 2014 (being the date to which the latest published audited financial statements of the Company were made up), acquired or disposed of by or leased to any member of the Group or are proposed to be acquired or disposed of by or leased to any member of the Group.

7. NO MATERIAL ADVERSE CHANGE

At as the Latest Practicable Date, none of the Directors was aware of any material adverse change in the financial or trading position of the Group since 31 December 2014 (being the date to which the latest published audited financial statements of the Group were made up).

8. MATERIAL CONTRACTS

The following material contracts (not being contracts entered into in the ordinary and usual course of business) were entered into by members of the Group within two years immediately preceding the Latest Practicable Date:

(a) the Agreement;

(b) the Company through its wholly-owned subsidiary, Qingdao Lion Plaza Retail Management Co., Ltd., entered into a sales and purchase agreement with Shanghai Industrial Qingdao Development Co., Ltd. on 29 December 2014 to acquire Qingdao Shopping Mall at an acquisition price of RMB1,422,320,000.

9. GENERAL

(a) The registered office of the Company is situated at c/o M & C Corporate Services Limited, PO Box 309, Ugland House, South Church Street, George Town, Grand Cayman, Cayman Islands;

(b) The principal place of business of the Company in Hong Kong is at Room 609, 6th Floor, Harcourt House, 39 Gloucester Road, Wanchai, Hong Kong;

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong; and

(d) The secretary of the Company is SENG SZE Ka Mee, Natalia FCS (PE), FCIS, MBA (Executive), FHKIoD, FTIHK.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the office of the company secretary of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong during normal business hours on any business day up to and including the date of the EGM:

(a) the memorandum and articles of association of the Company;

(b) the service contracts referred to in the section headed "Service Contracts" in this Appendix;

(c) the material contracts referred to in the section headed "Material Contracts" in this Appendix;

(d) the letter from the Board, the text of which is set out on pages 7 to 26 of this circular;

(e) the letter from Investec Capital Asia Limited, the text of which is set out on pages 28 to 53 of this circular;

(f) the written consents from Investec Capital Asia Limited, Ernst & Young and Ernst & Young LLP referred to in paragraph 6 of this appendix;

(g) the letter of recommendation from the Independent Board Committee, the text of which is set out on page 27 of this circular;

(h) a reconciliation statement signed by Ernst & Young regarding the Target Group's financial information for the differences between its accounting policies under the Singapore Financial Reporting Standards and the Company's accounting policies under IFRS;

(i) the annual reports of the Company for each of the three years ended 31 December 2012, 2013 and 2014;

(j) the audited financial statements of the Target Group, the text of which is set out in Appendix II to this circular, respectively;

(k) a copy of each circular issued pursuant to the requirements set out in Chapters 14 and/or 14A which has been issued since the date of the latest published audited accounts;

(l) General Mandate/Re-election or Appointment of Director subject to Shareholders' Approval/Explanatory Statement for Repurchase of Shares dated 21 April 2015;

(m) the accountants' report on the Unaudited Pro Forma Financial Information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(n) the Agreement; and

(o) this circular.

PARKSON 百盛

PARKSON RETAIL GROUP LIMITED
百盛商業集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 03368)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Parkson Retail Group Limited ("Company") will be held at The Executive Centre, Seminar Room – Lavender, Level 3, Three Pacific Place, 1 Queen's Road East, Admiralty, Hong Kong on 12 October 2015, Monday, at 9:00 a.m. for the purpose of considering and, if thought fit, passing with or without amendments, the following resolutions of the Company:

"**THAT** the sale and purchase agreement dated 15 July 2015 ("Agreement") (a copy of which has been produced to the meeting marked "A" and signed by the chairman of the meeting for the purpose of identification) entered into among East Crest International Limited as the vendor, Parkson Holdings Berhad as the vendor guarantor, Oroleon (Hong Kong) Limited as the purchaser and the Company as the purchaser guarantor for the sale and purchase of Sale Shares, representing approximately 67.6% of the entire share capital of Parkson Retail Asia Limited and other transactions contemplated therein be and are hereby approved, and the directors of the Company be and are hereby authorised to take such steps as they may consider necessary, appropriate, desirable or expedient to implement or give effect to the terms of the Agreement including but not limited to signing, executing and, where applicable, affixing the common seal of the Company (in accordance with its Articles of Association) onto the relevant documents in relation thereto and if necessary, with such amendments as the directors may deem fit."

By order of the Board
PARKSON RETAIL GROUP LIMITED
Tan Sri Cheng Heng Jem
Executive Director & Chairman

15 September 2015

Notes:

1. All resolutions at the meeting will be taken by poll pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the results of the poll will be published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and of the Company (www.parksongroup.com.cn).

2. A member entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint a proxy (who must be an individual) to exercise all or any of his right to attend, speak and vote in his stead. A proxy need not be a member of the Company.

3. In order to be valid, a form of proxy, together with any power of attorney or other authority, if any, under which it is signed, or a notarially certified copy thereof, must be deposited at the Company's branch share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not less than 48 hours before the time appointed for holding the Extraordinary General Meeting or any adjourned meeting (as the case may be).

4. A form of proxy for use in connection with the Extraordinary General Meeting is enclosed and such form is also published on the websites of Hong Kong Exchanges and Clearing Limited (www.hkexnews.hk) and of the Company (www.parksongroup.com.cn).