



PARKSON HOLDINGS BERHAD

A Member of Lion Group

Reg. No: 198201009470 (89194-P)

Interim Financial Report for the Third Quarter Ended 30 September 2023

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PARKSON HOLDINGS BERHAD

Registration No. 198201009470 (89194-P)
(Incorporated in Malaysia)

Interim financial report for the third quarter ended 30 September 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | Note | INDIVIDUAL QUARTER | | | YEAR-TO-DATE ENDED | | |
|---|-------|---------------------|-----------------------------------|--------------|---------------------|-----------------------------------|--------------|
| | | 30.9.2023 RM'000 | 30.9.2022 RM'000 (Restated) | Changes % | 30.9.2023 RM'000 | 30.9.2022 RM'000 (Restated) | Changes % |
| Continuing operations | | | | | | | |
| Gross sales proceeds | | 1,578,519 | 1,651,022 | -4 | 5,527,430 | 5,456,865 | 1 |
| Revenue | 7 | 693,328 | 697,599 | -1 | 2,363,295 | 2,240,145 | 5 |
| Other operating income | | 114,232 | 83,447 | | 286,162 | 239,993 | |
| Operating expenses | | (709,426) | (742,292) | | (2,279,001) | (2,310,728) | |
| Operating profit | | 98,134 | 38,754 | >100 | 370,456 | 169,410 | >100 |
| Finance income | | 11,882 | 13,594 | | 38,627 | 41,020 | |
| Finance costs | 23(c) | (93,803) | (93,041) | | (289,241) | (268,446) | |
| Share of results of associates | | 1,256 | 620 | | 6,151 | (2,613) | |
| Share of results of joint ventures | | 959 | (173) | | 7,414 | (953) | |
| Exceptional items | 23(k) | - | - | | 5,601 | (32,876) | |
| Profit/(loss) before tax | 23 | 18,428 | (40,246) | >100 | 139,008 | (94,458) | >100 |
| Income tax (expense)/credit | 16 | (12,669) | 823 | | (53,712) | (16,680) | |
| Profit/(loss) for the period from continuing operations | | 5,759 | (39,423) | >100 | 85,296 | (111,138) | >100 |
| Discontinued operations (#) (Loss)/profit for the period from discontinued operations | | (9) | (364) | | 168 | (1,085) | |
| Profit/(loss) for the period from continuing and discontinued operations | | 5,750 | (39,787) | | 85,464 | (112,223) | |
| Profit/(loss) for the period attributable to : | | | | | | | |
| - Owners of the parent | | 2,210 | (25,356) | >100 | 42,234 | (65,116) | >100 |
| - Non-controlling interests | | 3,540 | (14,431) | | 43,230 | (47,107) | |
| | | 5,750 | (39,787) | | 85,464 | (112,223) | |
| Earnings/(loss) per share attributable to owners of the parent (sen) : | | | | | | | |
| - Basic | 21 | 0.19 | (2.21) | | 3.68 | (5.70) | |
| - Diluted | 21 | 0.19 | (2.21) | | 3.68 | (5.70) | |

(#) Relating to results of a subsidiary in Vietnam which had ceased operation.

The Condensed Consolidated Statement of Profit or Loss should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Registration No. 198201009470 (89194-P)
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Interim financial report for the third quarter ended 30 September 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

| | INDIVIDUAL QUARTER | | YEAR-TO-DATE ENDED | |
|--|---------------------|-----------------------------------|---------------------|-----------------------------------|
| | 30.9.2023 RM'000 | 30.9.2022 RM'000 (Restated) | 30.9.2023 RM'000 | 30.9.2022 RM'000 (Restated) |
| Profit/(loss) for the period | 5,750 | (39,787) | 85,464 | (112,223) |
| <u>Other comprehensive income/(loss)</u> | | | | |
| - Foreign currency translation, representing item that may be reclassified subsequently to profit or loss | 8,825 | (84,247) | (11,579) | (139,036) |
| Total comprehensive income/(loss) for the period | 14,575 | (124,034) | 73,885 | (251,259) |
| Total comprehensive income/(loss) for the period attributable to : | | | | |
| - Owners of the parent | 7,313 | (68,792) | 37,848 | (135,584) |
| - Non-controlling interests | 7,262 | (55,242) | 36,037 | (115,675) |
| | 14,575 | (124,034) | 73,885 | (251,259) |

The Condensed Consolidated Statement of Other Comprehensive Income should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Interim financial report for the third quarter ended 30 September 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | <u>Note</u> | AS AT 30.9.2023 RM'000 | AS AT 31.12.2022 RM'000 (Restated) |
|--|-------------|---------------------------------------|---|
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | | 1,872,261 | 1,906,538 |
| Investment properties | | 438,057 | 452,447 |
| Right-of-use assets | | 1,817,414 | 2,093,645 |
| Intangible assets | | 1,198,164 | 1,180,468 |
| Investments in associates | | 31,209 | 27,300 |
| Investments in joint ventures | | 15,769 | 8,197 |
| Deferred tax assets | | 181,354 | 187,266 |
| Receivables | | 569,644 | 551,586 |
| Investment securities | | 17,506 | 17,504 |
| Time deposits | | 16,912 | 15,869 |
| | | 6,158,290 | 6,440,820 |
| Current assets | | | |
| Inventories | | 338,985 | 386,831 |
| Receivables | | 604,370 | 480,248 |
| Investment securities | | 36,831 | 68,477 |
| Deposits, cash and bank balances | | 1,299,960 | 1,290,200 |
| | | 2,280,146 | 2,225,756 |
| Non-current assets classified as held for sale (@) | | 48,356 | 192,933 |
| | | 2,328,502 | 2,418,689 |
| TOTAL ASSETS | | 8,486,792 | 8,859,509 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Share capital | | 2,160,580 | 2,160,580 |
| Other reserves | | (1,516,700) | (1,512,314) |
| Retained profits | | 832,432 | 790,198 |
| Equity attributable to owners of the parent | | 1,476,312 | 1,438,464 |
| Non-controlling interests | | 959,509 | 931,599 |
| Total equity | | 2,435,821 | 2,370,063 |
| Non-current liabilities | | | |
| Deferred tax liabilities | | 149,536 | 175,903 |
| Loans and borrowings | 18 | 1,426,425 | 1,421,800 |
| Long term payables and provisions | | 22,041 | 22,634 |
| Lease liabilities | | 2,009,150 | 2,329,785 |
| | | 3,607,152 | 3,950,122 |
| Current liabilities | | | |
| Payables, other liabilities and provisions | | 1,149,066 | 1,266,211 |
| Contract liabilities | | 421,765 | 414,305 |
| Loans and borrowings | 18 | 331,710 | 317,050 |
| Lease liabilities | | 513,169 | 516,887 |
| Tax payables | | 28,109 | 24,871 |
| | | 2,443,819 | 2,539,324 |
| Total liabilities | | 6,050,971 | 6,489,446 |
| TOTAL EQUITY AND LIABILITIES | | 8,486,792 | 8,859,509 |
| Net assets per share attributable to owners of the parent (RM) | | 1.28 | 1.25 |

(@) Relating to carrying amount of part of a leasehold land located in Melaka, Malaysia ("Melaka Land")
(31.12.2022: Melaka Land and properties in Qingdao City, Shandong Province, the People's Republic of China).

The Condensed Consolidated Statement of Financial Position should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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Registration No. 198201009470 (89194-P)
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Interim financial report for the third quarter ended 30 September 2023
(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| | ← Attributable to owners of the parent → | | | | | |
|---|--|-----------------------------|-------------------------------|------------------|--|---------------------------|
| | Share capital RM'000 | Other reserves RM'000 | Retained profits RM'000 | Total RM'000 | Non- controlling interests RM'000 | Total equity RM'000 |
| <u>30 September 2023</u> | | | | | | |
| At 1 January 2023, as previously reported | 2,160,580 | (1,512,314) | 835,827 | 1,484,093 | 968,972 | 2,453,065 |
| Effects of adoption of amendments to MFRS 112 (Note 1) | - | - | (45,629) | (45,629) | (37,373) | (83,002) |
| At 1 January 2023, restated | 2,160,580 | (1,512,314) | 790,198 | 1,438,464 | 931,599 | 2,370,063 |
| Total comprehensive (loss)/income for the period | - | (4,386) | 42,234 | 37,848 | 36,037 | 73,885 |
| Dividends to non-controlling interests | - | - | - | - | (8,127) | (8,127) |
| At 30 September 2023 | 2,160,580 | (1,516,700) | 832,432 | 1,476,312 | 959,509 | 2,435,821 |
| <u>30 September 2022</u> | | | | | | |
| At 1 January 2022, as previously reported | 2,155,630 | (1,409,122) | 954,143 | 1,700,651 | 1,153,071 | 2,853,722 |
| Effects of adoption of amendments to MFRS 112 (Note 1) | - | - | (55,909) | (55,909) | (45,793) | (101,702) |
| At 1 January 2022, restated | 2,155,630 | (1,409,122) | 898,234 | 1,644,742 | 1,107,278 | 2,752,020 |
| Total comprehensive loss for the period | - | (70,468) | (65,116) | (135,584) | (115,675) | (251,259) |
| Transfer from capital reserves | - | (3) | 3 | - | - | - |
| Issue of share capital | 4,950 | - | - | 4,950 | - | 4,950 |
| Dividends to non-controlling interests | - | - | - | - | (858) | (858) |
| At 30 September 2022 | 2,160,580 | (1,479,593) | 833,121 | 1,514,108 | 990,745 | 2,504,853 |

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| | YEAR-TO-DATE ENDED | |
|--|---------------------|---------------------|
| | 30.9.2023 RM'000 | 30.9.2022 RM'000 |
| OPERATING ACTIVITIES | | |
| Profit/(loss) before tax : | | |
| Continuing operations | 139,008 | (94,458) |
| Discontinued operations | 168 | (1,085) |
| Adjustments for : | | |
| Non-cash items | 356,694 | 422,795 |
| Non-operating items | 237,049 | 230,993 |
| Operating profit before working capital changes | 732,919 | 558,245 |
| Changes in working capital : | | |
| Net changes in assets | (60,546) | 39,614 |
| Net changes in liabilities | (63,499) | (171,998) |
| Others (mainly interest and tax paid) | (140,188) | (65,891) |
| | 468,686 | 359,970 |
| INVESTING ACTIVITIES | | |
| Proceeds received from non-current assets classified as held for sale | 90,020 | - |
| Changes in deposits with banks and investment securities | (40,708) | 453,340 |
| Others (mainly purchase of property, plant and equipment) | (37,184) | (73,419) |
| | 12,128 | 379,921 |
| FINANCING ACTIVITIES | | |
| Dividends paid to non-controlling interests | (8,127) | (858) |
| Loans and borrowings | (75,551) | 226,249 |
| Payment of lease liabilities | (491,760) | (453,210) |
| Issue of share capital | - | 4,950 |
| | (575,438) | (222,869) |
| Net changes in cash and cash equivalents | (94,624) | 517,022 |
| Effects of changes in exchange rates | 30,905 | 7,984 |
| Cash and cash equivalents at beginning of period | 1,251,268 | 807,145 |
| Cash and cash equivalents at end of period | 1,187,549 | 1,332,151 |
| Cash and cash equivalents at end of period comprise the following : | | |
| Deposits, cash and bank balances | 1,316,872 | 1,374,776 |
| Less : Bank overdrafts | (734) | (1,219) |
| Less : Deposits with banks with original maturity of more than three months when acquired | (128,589) | (41,406) |
| | 1,187,549 | 1,332,151 |

The Condensed Consolidated Statement of Cash Flows should be read in conjunction with the Annual Audited Financial Statements for the financial year ended 31 December 2022 and the accompanying explanatory notes attached to the interim financial statements.

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NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies and methods of computation

The condensed consolidated financial statements are unaudited and have been prepared in accordance with Malaysian Financial Reporting Standard ("MFRS") 134 *Interim Financial Reporting* and paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. The interim financial statements also comply with International Accounting Standard ("IAS") 34 *Interim Financial Reporting* issued by the International Accounting Standards Board ("IASB").

The condensed consolidated financial statements should be read in conjunction with the Annual Audited Financial Statements of the Group for the financial year ended 31 December 2022. These explanatory notes provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2022.

The significant accounting policies adopted in the condensed consolidated financial statements are consistent with those of the Annual Audited Financial Statements for the financial year ended 31 December 2022 except for the adoption of the following standards effective for the financial period beginning on or after 1 January 2023 :

- MFRS 17 Insurance Contracts
- Amendments to MFRS 17 Insurance Contracts - Initial Application of MFRS 17 and MFRS 9 - Comparative Information
- Amendments to MFRS 101 Presentation of Financial Statements - Classification of Liabilities as Current or Non-current
- Amendments to MFRS 101 Presentation of Financial Statements - Disclosure of Accounting Policies
- Amendments to MFRS 108 Accounting Policies, Changes in Accounting Estimates and Errors
 - Definition of Accounting Estimates
- Amendments to MFRS 112 Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The adoption of the above-mentioned standards did not have a material impact on the financial statements of the Group, except for the following :

Amendments to MFRS 112 Income Taxes

The amendments clarify that the initial recognition exemption of deferred tax in MFRS 112 does not apply to transactions that give rise to equal taxable and deductible temporary differences, such as lease contracts that give rise to the recognition of a lease liability and the corresponding right-of-use assets and contracts that give rise to the recognition of decommissioning obligations and corresponding amounts recognised as assets. Instead, entities are required to recognise the related deferred tax asset and liability on initial recognition, with the recognition of any deferred tax asset being subject to the recoverability criteria in MFRS 112.

Prior to the application of the amendments, the Group had recognised the deferred tax assets and liabilities arising from leases on a net basis. Following the requirements of the amendments, the Group has recognised deferred tax liabilities in relation to its right-of-use assets as at 1 January 2022 and has only recognised deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised.

1. Accounting policies and methods of computation (Cont'd.)

The impact of the retrospective adjustments of the changes in accounting policies on the items and amounts in the consolidated financial statements for the comparative period, is as follows :

| | As previously reported | Effects | Restated |
|---|---------------------------------------|-----------------|------------------|
| | RM'000 | RM'000 | RM'000 |
| Condensed Consolidated Statement of Profit or Loss | | | |
| <u>Year-to-date ended 30.9.2022</u> | | | |
| Income tax expense | (32,635) | 15,955 | (16,680) |
| Loss for the period from continuing operations | (127,093) | 15,955 | (111,138) |
| Loss for the period attributable to : | | | |
| - Owners of the parent | (73,887) | 8,771 | (65,116) |
| - Non-controlling interests | (54,291) | 7,184 | (47,107) |
| | <u>(127,093)</u> | <u>15,955</u> | <u>(111,138)</u> |
| Condensed Consolidated Statement of Financial Position | | | |
| <u>As at 1.1.2022</u> | | | |
| Deferred tax assets | 200,170 | (28,562) | 171,608 |
| Deferred tax liabilities | 136,524 | 73,140 | 209,664 |
| Retained profits | 954,143 | (55,909) | 898,234 |
| Non-controlling interests | 1,153,071 | (45,793) | 1,107,278 |
| | <u>1,153,071</u> | <u>(45,793)</u> | <u>1,107,278</u> |
| <u>As at 31.12.2022</u> | | | |
| Deferred tax assets | 220,514 | (33,248) | 187,266 |
| Deferred tax liabilities | 126,149 | 49,754 | 175,903 |
| Retained profits | 835,827 | (45,629) | 790,198 |
| Non-controlling interests | 968,972 | (37,373) | 931,599 |
| | <u>968,972</u> | <u>(37,373)</u> | <u>931,599</u> |

2. Comments about seasonal or cyclical factors

The Group's retail operations generally performed better with higher sales generated during the festive and holiday seasons.

3. Unusual items due to their nature, size or incidence

Other than as disclosed in Note 23, there were no unusual items affecting assets, liabilities, equity, net income or cash flows during the current reporting periods.

4. Changes in estimates

There were no changes in estimates that have had a material effect in the results for the current reporting periods.

5. Debt and equity securities

There were no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the financial year-to-date.

6. Dividend paid

There were no dividends paid during the current reporting periods.

7. Revenue and segmental information

The Group's revenue for the financial year-to-date was as follows :

| | RM'000 | RM'000 |
|---|--------------------|-------------------------|
| Concessionaire sales (gross) | 3,820,884 | |
| Less : Cost of concessionaire sales | <u>(3,164,135)</u> | |
| Commissions from concessionaire sales | | 656,749 |
| Sales of goods - Direct sales | | 1,326,645 |
| Others (including rental income, credit services and management service fees) | | 379,901 |
| | | <u><u>2,363,295</u></u> |

The Group's segmental information for the financial year-to-date was as follows :

| | ← Retailing People's Republic of China → | | | | Total continuing operations | Discontinued operations | Total |
|------------------------------------|--|------------------|----------------|----------------|-----------------------------------|----------------------------|------------------|
| | Malaysia | China | Vietnam | Others | | | |
| | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 | RM'000 |
| Revenue | 563,598 | 1,741,701 | 4,731 | 53,265 | <u>2,363,295</u> | - | <u>2,363,295</u> |
| Results | | | | | | | |
| Segment profit/(loss) | 140,407 | 241,197 | (4,099) | (7,049) | <u>370,456</u> | 168 | <u>370,624</u> |
| Finance income | | | | | <u>38,627</u> | - | <u>38,627</u> |
| Finance costs | | | | | <u>(289,241)</u> | - | <u>(289,241)</u> |
| Share of results of associates | | | | | <u>6,151</u> | - | <u>6,151</u> |
| Share of results of joint ventures | | | | | <u>7,414</u> | - | <u>7,414</u> |
| Exceptional items | | | | | <u>5,601</u> | - | <u>5,601</u> |
| Profit before tax | | | | | <u>139,008</u> | <u>168</u> | <u>139,176</u> |
| Total assets | <u>905,495</u> | <u>6,837,708</u> | <u>118,840</u> | <u>622,694</u> | <u>8,484,737</u> | <u>2,055</u> | <u>8,486,792</u> |

8. Subsequent events

There were no material events subsequent to the end of the current quarter.

9. Changes in composition of the Group

There were no material changes in the composition of the Group during the financial year-to-date.

10. Changes in contingent liabilities and contingent assets

There were no material changes in contingent liabilities or contingent assets since 31 December 2022.

11. Performance review

| | INDIVIDUAL QUARTER | | | YEAR-TO-DATE ENDED | | |
|------------------------------|---------------------|---------------------|--------------|---------------------|---------------------|--------------|
| | 30.9.2023 RM'000 | 30.9.2022 RM'000 | Changes % | 30.9.2023 RM'000 | 30.9.2022 RM'000 | Changes % |
| <u>Revenue</u> | | | | | | |
| Retailing : | | | | | | |
| - Malaysia | 163,765 | 160,245 | 2 | 563,598 | 527,335 | 7 |
| - China | 509,316 | 521,728 | -2 | 1,741,701 | 1,668,290 | 4 |
| - Vietnam | 884 | 1,891 | -53 | 4,731 | 6,444 | -27 |
| | 673,965 | 683,864 | -1 | 2,310,030 | 2,202,069 | 5 |
| Others | 19,363 | 13,735 | 41 | 53,265 | 38,076 | 40 |
| | 693,328 | 697,599 | -1 | 2,363,295 | 2,240,145 | 5 |
| <u>Segment profit/(loss)</u> | | | | | | |
| Retailing : | | | | | | |
| - Malaysia | 26,884 | 32,354 | -17 | 140,407 | 144,835 | -3 |
| - China | 69,937 | 11,779 | >100 | 241,197 | 43,813 | >100 |
| - Vietnam | (1,452) | (1,448) | -0.3 | (4,099) | (3,976) | -3 |
| | 95,369 | 42,685 | >100 | 377,505 | 184,672 | >100 |
| Others | 2,765 | (3,931) | >100 | (7,049) | (15,262) | 54 |
| | 98,134 | 38,754 | >100 | 370,456 | 169,410 | >100 |

For the 9 months ended 30 September 2023, the Group's **Retailing** division recorded a 5% higher revenue of RM2,310 million with operating profit increasing to RM378 million. Performance of our retailing operations in each location were as follows :

- Malaysia

For the 9 months ended 30 September 2023, the Group's Malaysia retailing operations continued to witness a revival in its stores' footfall resulting in a 7% increase in revenue to RM564 million. However, the operations reported a marginally lower operating profit of RM140 million as compared with a year ago, primarily due to higher operating costs.

As at 30 September 2023, the Group has 36 Parkson stores in Malaysia.

- China

The resurgence of shopper traffic at our retailing stores following the full lifting of COVID-19 related prevention and control measures since end of 2022, coupled with the additional rental income source from an investment property in Beijing, have contributed to a commendable revenue performance of RM1,742 million for Parkson China for the 9 months ended 30 September 2023.

The higher revenue, along with the continuous efforts in optimising operating efficiencies and cost control measures, have enabled Parkson China to register an impressive operating profit of RM241 million for the current financial year-to-date.

As at 30 September 2023, the Group has a network coverage of 42 stores in 29 cities across China.

- Vietnam

The Group's operation in Vietnam recorded a revenue of RM5 million with an operating loss of RM4 million for the 9 months ended 30 September 2023.

The subsidiary in Vietnam had on 28 April 2023, filed an application for the commencement of voluntary bankruptcy proceedings. The application is subject to the approval from the relevant authorities in Vietnam.

11. Performance review (Cont'd.)

Results of the **Others** division were mainly derived from the consumer financing business, operation of food and beverage business, and investment holding. For the 9 months ended 30 September 2023, the Group's consumer financing business continued to increase its revenue and operating profit whilst the bakery operation has gradually improved its visitor traffic. Operating losses for the current and preceding financial year-to-date included foreign exchange losses arising from the weakening of the Ringgit Malaysia against the United States Dollar.

12. Comment on material change in profit

| | Current Quarter | Immediate Preceding Quarter | |
|-------------------|----------------------------|--|----------------|
| | 30.9.2023 | 30.6.2023 | Changes |
| | RM'000 | RM'000 | % |
| Revenue | 693,328 | 832,173 | -17 |
| Operating profit | 98,134 | 158,952 | -38 |
| Profit before tax | 18,428 | 66,979 | -72 |

For the current quarter under review, an expected slower consumer spending across the Group's retailing regions in the absence of major festivities has resulted in the Group reporting a 17% lower revenue of RM693 million in comparison with RM832 million in the immediate preceding quarter.

As a result, operating profit and profit before tax were lower at RM98 million and RM18 million respectively.

13. a) Prospects

For the final quarter ending 31 December 2023, the Group anticipates that the upcoming year-end festivities and holiday seasons will boost shopper traffic to our retailing stores and contribute an encouraging operating performance for the Group.

The Group remains committed to enhancing stores productivity and implementing cost improvements strategies, besides continuing to diversify the income sources to fully seize the opportunities, and promote long-term sustainable development of its businesses.

b) Forecast or target previously announced

The disclosure requirements are not applicable for the current reporting periods.

14. Statement of the Board of Directors' opinion on achievement of forecast or target

The disclosure requirements are not applicable for the current reporting periods.

15. Profit forecast or profit guarantee

No profit forecast or profit guarantee was published.

16. Income tax expense/credit

| Income tax expense/(credit) comprises : | INDIVIDUAL QUARTER | | YEAR-TO-DATE ENDED | |
|---|---------------------|-----------------------------------|---------------------|-----------------------------------|
| | 30.9.2023 RM'000 | 30.9.2022 RM'000 (Restated) | 30.9.2023 RM'000 | 30.9.2022 RM'000 (Restated) |
| Current and deferred income tax : | | | | |
| - Arising in Malaysia | 5,842 | 8,280 | 29,592 | 33,002 |
| - Arising outside Malaysia | 6,827 | (9,103) | 24,120 | (16,322) |
| | 12,669 | (823) | 53,712 | 16,680 |

Excluding the share of results of associates and joint ventures, the effective tax rate of the Group for the current quarter and financial year-to-date were higher than the Malaysian statutory tax rate mainly due to certain expenses which were not deductible for tax purposes.

17. Corporate proposals**a) Status of corporate proposals**

| Date of Announcements | Subject | Status |
|---|--|--|
| 9.9.2022 11.10.2022 13.10.2022 28.10.2022 15.2.2023 | Proposed disposal by Qingdao No. 1 Parkson Co., Ltd., an indirect 95.91% owned subsidiary of Parkson Retail Group Limited ("PRGL") which is in turn a 54.97% owned subsidiary of the Company, of the properties in Qingdao City, Shandong Province, the People's Republic of China ("PRC") with an aggregate construction area of approximately 76,013 square metres, at the consideration of Rmb280 million (equivalent to approximately RM180 million) ("Disposal"). | The shareholders' approval for PRGL on the Disposal had been obtained on 28 October 2022. The Disposal is pending the fulfilment of conditions precedent. |

b) Status of utilisation of proceeds

The disclosure requirements are not applicable.

18. Borrowings and debt securities

The Group's loans and borrowings as at the end of the reporting period were as follows :

| | AS AT 30.9.2023 | | AS AT 30.9.2022 | |
|--|-----------------------------|-----------|-----------------------------|-----------|
| | Foreign Currency '000 | RM'000 | Foreign Currency '000 | RM'000 |
| Non-current | | | | |
| <u>Secured</u> | | | | |
| - Bank loans : HK\$ denominated | 2,417,600 | 1,426,425 | 2,517,600 | 1,487,054 |
| Total non-current loans and borrowings | | 1,426,425 | | 1,487,054 |
| Current | | | | |
| <u>Secured</u> | | | | |
| - Bankers' acceptance | - | 3,442 | - | 4,834 |
| - Revolving financing | - | 141,850 | - | 97,518 |
| - Term loans and bank loans : | | | | |
| HK\$ denominated | 100,000 | 59,002 | 100,000 | 58,766 |
| US\$ denominated | 27,000 | 126,682 | 29,000 | 134,220 |
| - Bank overdrafts | - | 731 | - | 1,216 |
| | | 331,707 | | 296,554 |
| <u>Unsecured</u> | | | | |
| - Term loan : US\$ denominated | - | - | 1,000 | 4,630 |
| - Bank overdrafts | - | 3 | - | 3 |
| | | 3 | | 4,633 |
| Total current loans and borrowings | | 331,710 | | 301,187 |
| Total loans and borrowings | | 1,758,135 | | 1,788,241 |

Exchange rates used :

As at 30.9.2023 - HK\$1.00: RM0.59 ; US\$1.00: RM4.69

As at 30.9.2022 - HK\$1.00: RM0.59 ; US\$1.00: RM4.63

19. Changes in material litigation

There were no changes in the material litigations since 31 December 2022 other than the following :

- (i) On 2 April 2021, Parkson Corporation Sdn Bhd ("PCSB"), a wholly-owned subsidiary of Parkson Retail Asia Limited ("PRA") which is in turn a 67.96% owned subsidiary of the Company, was served with a Writ of Summons and Statement of Claim filed by Millennium Mall Sdn Bhd ("MMSB"), the lessor of "M Square Mall", in the Kuala Lumpur High Court ("Court") in relation to an alleged breach of a settlement agreement which MMSB alleged was purportedly entered into between PCSB and MMSB on 21 July 2020 ("Suit").

PCSB is of the view that there was no settlement reached between the parties to begin with, and therefore, there could not have been a breach of any settlement agreement.

On 27 April 2021, PCSB had filed a Notice of Application to strike out the Suit ("Striking Out Application"). The Court had on 6 January 2022 allowed the Striking Out Application with costs of RM10,000 being awarded to PCSB ("Court's Decision").

MMSB had on 17 January 2022, filed an appeal to the Court of Appeal against the Court's Decision.

On 20 February 2023, PCSB and MMSB had entered into a settlement agreement for the full and final settlement of all disputes and claims between PCSB and MMSB in relation to the sub-lease arrangements between PCSB and MMSB ("Sub-lease Arrangements") ("Settlement Agreement"). Pursuant to the terms of the Settlement Agreement, it had been agreed, amongst others, that :

- a) PCSB shall pay a lump sum of RM10.4 million to MMSB, without admission as to liability, within 14 days from the date of the Settlement Agreement; and

19. Changes in material litigation (Cont'd.)

There were no changes in the material litigations since 31 December 2022 other than the following : (Cont'd.)

(i) (Cont'd.)

- b) PCSB and MMSB shall relinquish, waive, release and/or discharge each other from all claims, debts and liabilities whatsoever in connection with and/or arising from the existing legal and arbitration proceedings involving PCSB and MMSB in relation to the Sub-lease Arrangements, and MMSB shall not in the future institute any proceedings and/or action against PCSB in relation to the Sub-lease Arrangements.

PCSB had on 2 March 2023 fully paid the RM10.4 million to MMSB and the parties had discontinued the entire Suit on 7 March 2023.

(ii) On 23 December 2019, PCSB was served with a Writ and the Statement of Claim both dated 13 December 2019 ("Suit"). The Suit was initiated by PKNS-Andaman Development Sdn Bhd ("PKNS") in relation to premises let to PCSB within a mall known as "EVO Shopping Mall" ("Demised Premises").

PKNS, the landlord of the Demised Premises, has alleged that PCSB had failed to observe its obligation to pay rental for the Demised Premises pursuant to the Tenancy Agreement dated 2 October 2017 entered into between PCSB and PKNS ("Tenancy Agreement").

On 22 May 2020, PCSB filed a court application to strike out the Suit on the grounds that the Suit (a) discloses no reasonable cause of action; (b) is scandalous, frivolous and vexatious; and/or (c) is an abuse of process of the court.

On 29 January 2021, the High Court of Malaya ("High Court") allowed PCSB's application to strike out the Suit and had accordingly struck out the Suit with costs of RM7,000 to be paid by PKNS to PCSB.

On 16 February 2021, PCSB received a notice of appeal from PKNS informing that PKNS had filed an appeal against the decision given by the High Court on 29 January 2021 allowing PCSB's striking out application ("Appeal"). The Court of Appeal had fixed 21 March 2023 as the hearing date for the Appeal.

On 21 March 2023, the Court of Appeal had allowed the Appeal and directed for the matter to proceed with trial at the High Court.

On 5 September 2023, PKNS served PCSB with an Amended Writ and Amended Statement of Claim, both dated 3 September 2023. The amended claims are, *inter alia*, as follows ("Amended Claims") :

- (1) payment by PCSB of RM10,965,712 to PKNS, being the outstanding monthly rental from 2 April 2018 to June 2023, and thereafter at RM182,958.60 per month until full settlement of the said outstanding rental;
- (2) as an alternative to (1) above, payment by PCSB of RM11,722,419 to PKNS, being the outstanding monthly rental from 27 February 2018 to June 2023, and thereafter at RM182,958.60 per month until full settlement of the said outstanding rental; and
- (3) PCSB is to settle the above outstanding monthly rental within 14 days from the date of judgement.

PCSB has been advised that no rental is payable as PKNS has failed to satisfy the conditions precedent as set out in the Tenancy Agreement for rental commencement to be triggered and PKNS's act of issuing commencement notice pursuant to the Tenancy Agreement backdating the commencement date of rental without satisfying the conditions precedent is unlawful. Next case management had been fixed on 11 January 2024 for pretrial directions and fixing trial dates.

20. Dividend proposed

The Board of Directors does not recommend any dividend for the current reporting periods.

21. Earnings/(loss) per share ("EPS" / "LPS")**Basic**

Basic EPS/LPS is calculated by dividing the profit/(loss) for the period attributable to owners of the parent by the weighted average number of ordinary shares of the Company in issue during the reporting periods.

| | INDIVIDUAL QUARTER | | YEAR-TO-DATE ENDED | |
|---|--------------------|-------------------------|--------------------|-------------------------|
| | 30.9.2023 | 30.9.2022 (Restated) | 30.9.2023 | 30.9.2022 (Restated) |
| Profit/(loss) attributable to owners of the parent (RM'000) | 2,210 | (25,356) | 42,234 | (65,116) |
| Weighted average number of ordinary shares in issue ('000) | 1,148,902 | 1,148,902 | 1,148,902 | 1,142,309 |
| Basic EPS/LPS (sen) | 0.19 | (2.21) | 3.68 | (5.70) |

Diluted

The basic EPS/LPS and the diluted EPS/LPS are the same for the periods as the Company has no dilutive potential ordinary shares as at the end of the reporting period.

22. Auditors' report on preceding annual financial statements

The auditors' report on the financial statements for the financial year ended 31 December 2022 was not qualified.

23. Profit/(loss) before tax

Profit/(loss) before tax is arrived at after crediting/(charging) the following income/(expenses) :

| | INDIVIDUAL QUARTER | | YEAR-TO-DATE ENDED | |
|--|---------------------|---------------------|---------------------|---------------------|
| | 30.9.2023 RM'000 | 30.9.2022 RM'000 | 30.9.2023 RM'000 | 30.9.2022 RM'000 |
| a) Interest income | 11,882 | 13,594 | 38,627 | 41,020 |
| b) Other income including investment income | 114,232 | 83,447 | 286,162 | 239,993 |
| c) Interest expenses : | | | | |
| - Lease interest | (57,782) | (67,189) | (181,629) | (208,221) |
| - Other interest expenses | (36,021) | (25,852) | (107,612) | (60,225) |
| | (93,803) | (93,041) | (289,241) | (268,446) |
| d) Depreciation and amortisation : | | | | |
| - Right-of-use assets | (84,555) | (98,740) | (266,472) | (299,117) |
| - Others | (37,178) | (39,220) | (119,435) | (122,657) |
| | (121,733) | (137,960) | (385,907) | (421,774) |
| e) Provision for and write off of receivables | (5,592) | (650) | (11,812) | (3,183) |
| f) Provision for and write off of inventories | (1,118) | (1,616) | (1,439) | (1,616) |
| g) Gain/(loss) on disposal of quoted or unquoted investments or properties | - | - | - | - |
| h) Impairment of assets | - | - | - | - |
| i) Foreign exchange gain/(loss) | (672) | (10,075) | (9,832) | (18,204) |
| j) Gain/(loss) on derivatives | - | - | - | - |
| k) Exceptional items : | - | - | 5,601 | (32,876) |
| - Gain on disposal of properties (*) | - | - | 23,756 | - |
| - Impairment loss on : | | | | |
| Property, plant and equipment and others | - | - | (2,738) | (2,503) |
| Right-of-use assets | - | - | (15,417) | (25,365) |
| Intangible assets | - | - | - | (5,008) |

(*) : Relating to disposal of properties in Qingdao City, Shandong Province, the PRC as disclosed in Note 17(a), following registration of title transfer of the properties from the Group to the purchaser.