



PARKSON HOLDINGS BERHAD

A Member of Lion Group

Reg. No: 198201009470 (89194-P)

Interim Financial Report for the Fourth Quarter Ended 31 December 2023

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PARKSON HOLDINGS BERHAD

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

Interim financial report for the fourth quarter ended 31 December 2023

(The figures have not been audited)

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

	Note	INDIVIDUAL QUARTER			YEAR-TO-DATE ENDED		
		31.12.2023 RM'000	31.12.2022 RM'000 (Restated)	Changes %	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)	Changes %
Continuing operations							
Gross sales proceeds		1,846,471	1,582,093	17	7,359,828	7,020,361	5
Revenue	7	762,623	681,295	12	3,121,187	2,914,996	7
Other operating income		69,465	79,639		354,998	319,209	
Operating expenses		(698,516)	(709,559)		(2,968,058)	(3,009,444)	
Operating profit		133,572	51,375	>100	508,127	224,761	>100
Finance income		13,388	11,111		46,523	44,163	
Finance costs	23(c)	(96,297)	(99,020)		(380,352)	(360,845)	
Share of results of associates		2,059	1,612		8,210	(1,001)	
Share of results of joint ventures		(244)	(171)		7,170	(1,124)	
Exceptional items	23(k)	(83,933)	(27,081)		(78,332)	(59,957)	
(Loss)/profit before tax	23	(31,455)	(62,174)	49	111,346	(154,003)	>100
Income tax expense	16	(17,795)	(14,090)		(71,507)	(30,770)	
(Loss)/profit for the period/year from continuing operations		(49,250)	(76,264)	35	39,839	(184,773)	>100
Discontinued operations							
Loss for the period/year from discontinued operations	24	(7,419)	(3,756)		(11,044)	(7,470)	
(Loss)/profit for the period/year from continuing and discontinued operations		(56,669)	(80,020)		28,795	(192,243)	
(Loss)/profit for the period/year attributable to :							
- Owners of the parent		(62,778)	(44,549)	-41	(20,544)	(109,665)	81
- Non-controlling interests		6,109	(35,471)		49,339	(82,578)	
		(56,669)	(80,020)		28,795	(192,243)	
Loss per share attributable to owners of the parent (sen) :							
- Basic	21	(5.46)	(3.88)		(1.79)	(9.59)	
- Diluted	21	(5.46)	(3.88)		(1.79)	(9.59)	

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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CONDENSED CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)
(Loss)/profit for the period/year	(56,669)	(80,020)	28,795	(192,243)
<u>Other comprehensive income/(loss)</u>				
- Change in fair value of financial assets, representing item that will not be reclassified to profit or loss	-	175	-	175
- Foreign currency translation, representing item that may be reclassified subsequently to profit or loss	38,340	(54,446)	26,761	(193,482)
	38,340	(54,271)	26,761	(193,307)
Total comprehensive (loss)/income for the period/year	(18,329)	(134,291)	55,556	(385,550)
Total comprehensive (loss)/income for the period/year attributable to :				
- Owners of the parent	(40,993)	(75,644)	(3,145)	(211,228)
- Non-controlling interests	22,664	(58,647)	58,701	(174,322)
	(18,329)	(134,291)	55,556	(385,550)

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 fourth quarter ended 31 December 2023

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CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	AS AT 31.12.2023 RM'000	AS AT 31.12.2022 RM'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		1,873,973	1,906,538
Investment properties		466,108	452,447
Right-of-use assets		1,829,110	2,093,645
Intangible assets		1,119,375	1,180,468
Investments in associates		33,398	27,300
Investments in joint ventures		-	8,197
Deferred tax assets		184,536	187,266
Receivables		480,956	551,586
Investment securities		1,568	17,504
Time deposits		17,567	15,869
		6,006,591	6,440,820
Current assets			
Inventories		357,342	386,831
Receivables		599,135	480,248
Investment securities		37,159	68,477
Deposits, cash and bank balances		1,477,277	1,290,200
		2,470,913	2,225,756
Non-current assets classified as held for sale (@)		48,356	192,933
		2,519,269	2,418,689
TOTAL ASSETS		8,525,860	8,859,509
EQUITY AND LIABILITIES			
Equity			
Share capital		2,160,580	2,160,580
Other reserves		(1,498,388)	(1,512,314)
Retained profits		773,127	790,198
Equity attributable to owners of the parent		1,435,319	1,438,464
Non-controlling interests		982,171	931,599
Total equity		2,417,490	2,370,063
Non-current liabilities			
Deferred tax liabilities		146,615	175,903
Loans and borrowings	18	1,505,078	1,421,800
Long term payables and provisions		21,577	22,634
Lease liabilities		1,926,386	2,329,785
		3,599,656	3,950,122
Current liabilities			
Payables, other liabilities and provisions		1,283,653	1,266,211
Contract liabilities		419,207	414,305
Loans and borrowings	18	234,867	317,050
Lease liabilities		546,169	516,887
Tax payables		24,818	24,871
		2,508,714	2,539,324
Total liabilities		6,108,370	6,489,446
TOTAL EQUITY AND LIABILITIES		8,525,860	8,859,509
Net assets per share attributable to owners of the parent (RM)		1.25	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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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>31 December 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 income/(loss) for the year	-	17,399	(20,544)	(3,145)	58,701	55,556
Transfer from capital reserves	-	(3,473)	3,473	-	-	-
Dividends to non-controlling interests	-	-	-	-	(8,129)	(8,129)
At 31 December 2023	2,160,580	(1,498,388)	773,127	1,435,319	982,171	2,417,490
<u>31 December 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 year	-	(101,563)	(109,665)	(211,228)	(174,322)	(385,550)
Transfer from capital reserves	-	(1,629)	1,629	-	-	-
Issue of share capital	4,950	-	-	4,950	-	4,950
Dividends to non-controlling interests	-	-	-	-	(1,357)	(1,357)
At 31 December 2022	2,160,580	(1,512,314)	790,198	1,438,464	931,599	2,370,063

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	
	31.12.2023 RM'000	31.12.2022 RM'000
<u>OPERATING ACTIVITIES</u>		
Profit/(loss) before tax :		
Continuing operations	111,346	(154,003)
Discontinued operations	(11,044)	(7,470)
Adjustments for :		
Non-cash items	520,551	587,013
Non-operating items	318,449	317,702
Operating profit before working capital changes	939,302	743,242
Changes in working capital :		
Net changes in assets	(199,892)	(155,064)
Net changes in liabilities	257,977	(137,780)
Others (mainly interest and tax paid)	(197,963)	(145,641)
	799,424	304,757
<u>INVESTING ACTIVITIES</u>		
Proceeds received from non-current assets classified as held for sale	90,020	84,293
Changes in investment securities and deposits with banks	(38,177)	420,628
Others (mainly purchase of property, plant and equipment)	(61,074)	(29,271)
	(9,231)	475,650
<u>FINANCING ACTIVITIES</u>		
Dividends paid to non-controlling interests	(8,129)	(1,357)
Loans and borrowings	(72,522)	255,287
Payment of lease liabilities	(633,083)	(586,023)
Issue of share capital	-	4,950
	(713,734)	(327,143)
Net changes in cash and cash equivalents	76,459	453,264
Effects of changes in exchange rates	39,823	(9,141)
Cash and cash equivalents at beginning of year	1,251,268	807,145
Cash and cash equivalents at end of year	1,367,550	1,251,268
Cash and cash equivalents at end of year comprise the following :		
Deposits, cash and bank balances	1,494,844	1,306,069
Less : Deposits with banks with original maturity of more than three months when acquired	(126,563)	(52,907)
Less : Bank overdrafts	(731)	(1,445)
Less : Restricted bank balances	-	(449)
	1,367,550	1,251,268

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 31.12.2022</u>			
Income tax expense	(49,470)	18,700	(30,770)
Loss for the period attributable to :			
- Owners of the parent	(119,945)	10,280	(109,665)
- Non-controlling interests	<u>(90,998)</u>	<u>8,420</u>	<u>(82,578)</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	<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	<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)	5,116,523	
Less : Cost of concessionaire sales	<u>(4,238,641)</u>	
Commissions from concessionaire sales		877,882
Sales of goods - Direct sales		1,742,786
Others (including rental income, credit services and management service fees)		500,519
		<u><u>3,121,187</u></u>

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

	← Retailing →			Total continuing operations	Discontinued operations	Total
	Malaysia	People's Republic of China	Others			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
Revenue	<u>768,503</u>	<u>2,277,908</u>	<u>74,776</u>	<u>3,121,187</u>	<u>3,951</u>	<u>3,125,138</u>
Results						
Segment profit/(loss)	189,022	317,027	2,078	508,127	(4,596)	503,531
Finance income				46,523	4,471	50,994
Finance costs				(380,352)	(5,164)	(385,516)
Share of results of associates				8,210	-	8,210
Share of results of joint ventures				7,170	-	7,170
Effect on deconsolidation of subsidiaries				-	(5,755)	(5,755)
Exceptional items				(78,332)	-	(78,332)
Profit/(loss) before tax				<u>111,346</u>	<u>(11,044)</u>	<u>100,302</u>
Total assets	<u>1,036,635</u>	<u>6,828,010</u>	<u>659,412</u>	<u>8,524,057</u>	<u>1,803</u>	<u>8,525,860</u>

8. Subsequent events

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

9. Changes in composition of the Group

Other than as disclosed in Note 24, 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		
	31.12.2023 RM'000	31.12.2022 RM'000	Changes %	31.12.2023 RM'000	31.12.2022 RM'000	Changes %
<u>Revenue</u>						
Retailing :						
- Malaysia	204,905	227,196	-10	768,503	754,531	2
- China	536,207	438,646	22	2,277,908	2,106,936	8
	741,112	665,842	11	3,046,411	2,861,467	6
Others	21,511	15,453	39	74,776	53,529	40
	762,623	681,295	12	3,121,187	2,914,996	7
<u>Segment profit/(loss)</u>						
Retailing :						
- Malaysia	48,615	64,296	-24	189,022	209,131	-10
- China	75,830	(16,754)	>100	317,027	27,059	>100
	124,445	47,542	>100	506,049	236,190	>100
Others	9,127	3,833	>100	2,078	(11,429)	>100
	133,572	51,375	>100	508,127	224,761	>100

For the financial year ended 31 December 2023 ("FYE 2023"), the Group's **Retailing** division recorded a 6% higher revenue of RM3,046 million with operating profit increasing to RM506 million. Performance of our retailing operations in each location were as follows :

- Malaysia

The Group's retailing operations in Malaysia experienced a marginally higher stores' footfall resulting in a 2% increase in revenue to RM769 million for the FYE 2023. The operations, however, reported a lower operating profit of RM189 million as compared with RM209 million a year ago, attributed primarily to the increase in operating costs.

In December 2023, Parkson Malaysia opened *Parkson Summer Mall*, the first store in Kota Samarahan in Sarawak. As at 31 December 2023, the Group has 37 Parkson stores in Malaysia.

- China

For the FYE 2023, Parkson China registered a commendable revenue growth of 8% to RM2,278 million compared with RM2,107 million a year ago. This growth was credited to 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.

The higher revenue, together with the ongoing efforts in optimising operating efficiencies and stringent cost control measures, have resulted in Parkson China achieving an impressive operating profit of RM317 million for the current financial year-to-date.

In this quarter, Parkson China launched its fourth Parkson store in Jiangxi Province. As at 31 December 2023, the Group has a network coverage of 43 stores in 29 cities across China.

Results of the **Others** division were mainly derived from the consumer financing business, operation of food and beverage business, and investment holding. For the FYE 2023, the Group's consumer financing business continued to demonstrate growth in both revenue and operating profit whilst the bakery operation showed improvement in visitor traffic over the previous year.

12. Comment on material change in profit

	Current Quarter	Immediate Preceding Quarter	Changes
	31.12.2023	30.9.2023	
	RM'000	RM'000	%
Revenue	762,623	692,444	10
Operating profit	133,572	99,586	34
(Loss)/profit before tax	<u>(31,455)</u>	<u>19,925</u>	- >100

As expected, the year-end festivities and holiday seasons in this quarter have boosted shopper traffic to our retailing stores and contributed encouraging operating performance to the Group. For the current quarter under review, revenue grew by 10% to RM763 million with operating profit increasing to RM134 million from RM100 million in the immediate preceding quarter.

However, due to the impairment loss on intangible assets (goodwill), the Group reported a loss before tax of RM31 million for the current quarter under review.

13. a) Prospects

The **China** economy is expected to stabilise in 2024 with policies geared towards economic recovery, but it also faces multiple pressures and challenges, among others, the continued impact of post-pandemic era and the risk of inflation. The Group is confident that with its business strategies and extensive experience in the retail market over the past three decades, it can achieve stable and sustainable performance, and create long-term value for the shareholders.

On the retailing operations in **Malaysia**, the Group acknowledges the potential impact of inflationary pressures and higher cost of living on consumer sentiments. However, the Group believes that it is able to mitigate these challenges through strategies on improving gross margins and sales productivity developed over the years, and remains steadfast in its commitment to improving and sustaining financial performance by implementing cost rationalisation measures.

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

Income tax expense comprises :	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)	31.12.2023 RM'000	31.12.2022 RM'000 (Restated)
Current and deferred income tax :				
- Arising in Malaysia	12,923	19,307	42,515	52,309
- Arising outside Malaysia	4,872	(5,217)	28,992	(21,539)
	17,795	14,090	71,507	30,770

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 RM181 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 31.12.2023		AS AT 31.12.2022	
	Foreign Currency		Foreign Currency	
	'000	RM'000	'000	RM'000
Non-current				
<u>Secured</u>				
- Revolving financing	-	90,210	-	-
- Bank loans : HK\$ denominated	2,417,600	1,414,868	2,517,600	1,421,800
Total non-current loans and borrowings		<u>1,505,078</u>		<u>1,421,800</u>
Current				
<u>Secured</u>				
- Bankers' acceptance	-	5,864	-	5,963
- Revolving financing	-	45,676	-	121,500
- Term loans and bank loans :				
HK\$ denominated	100,000	58,524	100,000	56,122
US\$ denominated	27,000	124,072	29,000	127,644
- Bank overdrafts	-	731	-	1,443
		<u>234,867</u>		<u>312,672</u>
<u>Unsecured</u>				
- Term loan : US\$ denominated	-	-	1,000	4,376
- Bank overdrafts	-	-	-	2
		<u>-</u>		<u>4,378</u>
Total current loans and borrowings		<u>234,867</u>		<u>317,050</u>
Total loans and borrowings		<u>1,739,945</u>		<u>1,738,850</u>

Exchange rates used :

As at 31.12.2023 - HK\$1.00: RM0.59 ; US\$1.00: RM4.60

As at 31.12.2022 - HK\$1.00: RM0.56 ; US\$1.00: RM4.40

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").

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. The trial dates of the matter were fixed on 30-31 May 2024, 28 June 2024 and 1 July 2024.

20. Dividend proposed

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

21. Loss per share ("LPS")**Basic**

Basic LPS is calculated by dividing the 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	
	31.12.2023	31.12.2022 (Restated)	31.12.2023	31.12.2022 (Restated)
Loss attributable to owners of the parent (RM'000)	(62,778)	(44,549)	(20,544)	(109,665)
Weighted average number of ordinary shares in issue ('000)	1,148,902	1,148,902	1,148,902	1,143,971
Basic LPS (sen)	(5.46)	(3.88)	(1.79)	(9.59)

Diluted

The basic LPS and the diluted 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. (Loss)/profit before tax

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

	INDIVIDUAL QUARTER		YEAR-TO-DATE ENDED	
	31.12.2023 RM'000	31.12.2022 RM'000	31.12.2023 RM'000	31.12.2022 RM'000
Continuing operations				
a) Interest income	13,388	11,111	46,523	44,163
b) Other income including investment income	69,465	79,639	354,998	319,209
c) Interest expenses :				
- Lease interest	(55,546)	(65,600)	(232,837)	(268,434)
- Other interest expenses	(40,751)	(33,420)	(147,515)	(92,411)
	(96,297)	(99,020)	(380,352)	(360,845)
d) Depreciation and amortisation :				
- Right-of-use assets	(84,771)	(98,092)	(351,243)	(397,209)
- Others	(29,001)	(27,680)	(148,436)	(150,337)
	(113,772)	(125,772)	(499,679)	(547,546)
e) Provision for and write off of receivables	(4,303)	(9,809)	(16,115)	(12,992)
f) Provision for and write off of inventories	(43)	960	(1,482)	(656)
g) Gain/(loss) on disposal of quoted or unquoted investments or properties	-	811	-	811
h) Impairment of assets	-	-	-	-
i) Foreign exchange gain/(loss)	2,805	(17,574)	(7,027)	(35,778)
j) Gain/(loss) on derivatives	-	-	-	-
k) Exceptional items :	(83,933)	(27,081)	(78,332)	(59,957)
- Gain on disposal of properties (*)	-	-	23,756	-
- Impairment loss on :				
Property, plant and equipment	(666)	103	(3,404)	(2,400)
Right-of-use assets	-	308	(15,417)	(25,057)
Intangible assets	(83,267)	(27,492)	(83,267)	(32,500)

(*) : 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.

24. Discontinued operations

Parkson Vietnam Co Ltd ("Parkson Vietnam"), an indirect wholly-owned subsidiary of PRA, 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.

During the current reporting periods, Parkson Vietnam had ceased its operations following the handover of the lease area to its landlord. The results of Parkson Vietnam and its subsidiary, and the entire operations in Vietnam, were separately disclosed under discontinued operations.

The revenue and results of the discontinued operations were as follows :

	INDIVIDUAL QUARTER	YEAR-TO- DATE ENDED
	31.12.2023	31.12.2023
	RM'000	RM'000
Revenue	-	3,951
Operating loss	(1,664)	(4,596)
Finance income	-	4,471
Finance costs	-	(5,164)
Effect on deconsolidation of subsidiaries (#)	(5,755)	(5,755)
Loss before tax	(7,419)	(11,044)
Income tax expense	-	-
Loss for the period/year	(7,419)	(11,044)

(#) : Relating to the handover of lease area of the Group's remaining store in Vietnam and the Group's cessation of control over Parkson Vietnam and its subsidiary.