ISETAN

SINGAPORE

ANNUAL REPORT 2021

CONTENTS

OUR PHILOSOPHY

CONNECTING PEOPLE AND BRIDGING TIMES.

STRIVE TO CHANGE.

1. Observe and study your surrounding facts for constant growth.
2. Innovate and stay ahead of times.
3. Respect others.

   Be inspired by diverse views and ideas.

BE A NEW ONE.

MILESTONES

STORES & SPECIALTY SHOP DEVELOPMENT

1972 Isetan Havelock made history by being the first Japanese department store in Singapore.

1979 Isetan Orchard opened at Liat Towers. This store established Isetan's presence along Singapore's tourist shopping belt.

1983 Isetan Katong opened at Parkway Parade marking the Company's penetration into suburban Singapore.

1986 Isetan Orchard was relocated to Wisma Atria at a cost of $100 million amidst the economic downturn and recession.

1993 Flagship store at Havelock was relocated to Isetan Scotts which opened at Shaw House.

1995 Isetan Tampines opened at Tampines Mall. This store is situated in Singapore's first regional centre.

1999 Isetan opened its first stand-alone Mango shop at Shaw Centre. Another successful designer label introduced into Singapore by Isetan.

1999 Isetan began operation of its full scale supermarket at its flagship store, Isetan Scotts.

2006 Isetan invested in Chengdu Isetan, Sichuan Province, People's Republic of China.

2009 Isetan commenced its online business with the launch of its revamped website.

2010 Isetan Serangoon Central opened at nex Mall, our first foray into the north-east part of Singapore.

2013 Isetan Jurong East opened at Westgate Mall, our first department store with a supermarket in the western part of Singapore.

2015 The Company's own retailing activities at Isetan Orchard ceased in end March and the space was converted for rental purposes.

2015 Isetan Wisma Atria Investment Property opened in phases with its first tenant starting its operations in September.

2019 Phase One of the major renovation in Isetan Scotts completed.

2020 Phase Two of the major renovation in Isetan Scotts completed.

CORPORATE & FINANCIAL DEVELOPMENT

1970 Isetan Emporium (Singapore) Private Limited was incorporated.

1981 Isetan became the first Japanese department store to offer its share to the public. Name was changed to Isetan (Singapore) Limited.

1988 Isetan offered a 1 for 2 Rights issue of 10 million shares.

1989 Isetan made a private placement of 3 million shares.

2002 Isetan made a 1 for 4 bonus issue of 8.25 million shares.

CHAIRMAN'S STATEMENT

DEAR SHAREHOLDERS,

BUSINESS PERFORMANCE

The Covid-19 pandemic in Singapore entered its second year in 2021, and the emergence of the highly virulent and transmissible Delta variant earlier in the year impacted many countries all around the world. In Singapore, due to a spike in Covid-19 cases in May 2021, we entered the first Phase Two (Heightened Alert) followed by a second Phase Two (Heightened Alert) in July 2021. With an exponential rise in Covid-19 cases starting in late August 2021, the Government implemented the Stabilisation Stage before going into the Transition stage in November 2021 when the situation stabilised. All these measures have been very disruptive to consumer-facing businesses like ours as various safe management measures had to be put in place. In view of the difficulties faced by businesses, the Government implemented support schemes during the year such as the Jobs Support Scheme and Rental Support Scheme to help eligible entities.

Despite the disruptions described above, the Singapore economy which went into a recession with a 4.1% decline in 2020 rebounded with a growth of 7.6% in 2021. The high vaccination rate of the population also provided some upside as consumers were more confident to venture out to the shops again. Together with the lower comparative resulting from the impact of the nation-wide lock down (known as the "Circuit-breaker" measures) as well as the last-phase renovation of Isetan Scotts both occurring in 2020, the Company's revenue improved from $77.160 million in the financial year ended 31st December 2020 ("FY2020") to $85.804 million in the financial year ended 31st December 2021 ("FY2021").

Other income, however, decreased from $16.770 million in FY2020 to $6.746 million in FY2021 mainly due to lesser amounts received from government grant income, rent concession income, and interest income from financial assets measured at amortised cost.

Under expense items, depreciation, impairment of right-of-use assets, and impairment loss on property, plant and equipment recorded a combined decrease of $27.014 million in FY2021 as compared to FY2020. This helped the Company to register a net profit after tax of $2.156 million in FY2021 as compared to a net loss after tax of $20.225 million in FY2020.

At the business segment level, the Company's retail segment, which continued to operate under difficult conditions due to the Covid-19 pandemic, incurred a loss of $3.046 million in 2021 as compared to a loss of

SATORU TANAKA
Chairman

$24.695 million in 2020. The Property segment, on the other hand, improved its performance in 2021 with a profit of $3.058 million as compared to a profit of $2.451 million in 2020.

ASSOCIATE

Our associate, Chengdu Isetan Department Store Company Limited, in the People's Republic of China registered a decline in sales revenue of about 1.4% in FY2021 as compared to FY2020 in RMB terms. However, the sales revenue registered an increase of about 2.9% in Singapore dollars terms due to a higher exchange rate. Higher business costs resulted in the associate incurring a net loss and the Company registering a share of loss of $58,000 in FY2021 as compared to a share of profit of $82,000 in FY2020.

BUSINESS OUTLOOK

The Government's approach is to reopen the economy in a calibrated manner and gradually allow more daily activities to resume as normally as possible with the necessary precautions.

CHAIRMAN'S STATEMENT

The Singapore Government has forecast the economy to grow at 3 to 5% in 2022 but expects the recovery to be uneven. While prospects for sectors such as manufacturing, wholesale trade, information and communications, finance and insurance are good, other sectors like aviation and those related to tourism are expected to perform below pre-Covid 19 levels even by the end of 2022. Consumer-facing sectors like retail trade and Food and Beverage ("F&B") services are projected to see a gradual recovery in 2022 as domestic restrictions are progressively eased and consumer sentiments improve amidst the turnaround in labour market conditions. However, the F&B services and certain tourism-reliant segments of the retail trade are not expected to return to pre-Covid 19 levels by end 2022, due in part to the slow recovery in visitor arrivals.

MOVING FORWARD

Certain norms which emerged during the past two years may prevail after the pandemic dies down. Work-from-home practices have been tried and proven workable. Certain companies may, therefore, continue with the practice, perhaps on a partial work week basis, and this may result in the thinning of office workers during the weekdays. F&B operators may need to reinvent their business models as less sit-in customers are seen during the weekdays, and food delivery trend picks up. We must monitor such trends closely as we are a landlord to certain F&B operators in our premises. The pandemic has also prompted many consumers to try out online shopping due to the convenience it brings. We see potential to grow the online business further and plan to further improve its merchandise content and uniqueness by collaborating with our own network of local and overseas suppliers.

Further to the closing of our Isetan Katong store on 30 January 2022, the Company will continue to operate its retail business in Isetan Scotts, Isetan Tampines and Isetan Serangoon Central.

During this pandemic, the health and safety of our customers, staff and business partners remain our top priority. We will continue to uphold our "Care Promise" to instil a sense of confidence that we are keeping our stores and workplaces clean and safe.

INVESTMENT PROPERTY AT ISETAN WISMA ATRIA

As per our announcement on 15 December 2021, our exercise to gather expressions of interest for the purchase of our investment property at Wisma Atria from potential purchasers has run its course without yielding a positive outcome for the matter to proceed further. We will continue exploring all other options that may lead to a better yield from the property, including any possible future sale. We will release the necessary announcements should there be any developments that will materially affect the price of the Company's shares.

The Isetan Wisma Atria property together with our Kallang Pudding Warehouse form the Property segment of the Company. The segment's performance for 2021 increased by 24.8% as compared to 2020 due to lower rental rebates being extended to our tenants, and new operating lease income from Isetan Wisma Atria. This has helped to mitigate the losses incurred by the retail segment which continues to be impacted by the Covid-19 pandemic.

DIVIDEND

In view of the Company's profit registered in FY2021, the Board of Directors has proposed a final dividend of three cents per ordinary share. The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting.

APPRECIATION

2021 has been another challenging year. On behalf of the Board, I am grateful for the continuous support of our stakeholders including our customers, staff, suppliers, business associates and shareholders during the past year. I would like to thank my fellow directors for their invaluable counsel, and to all employees for their dedication and hard work over the past year. The Company looks forward to the continued support of all stakeholders in the new financial year.

Thank you.

SATORU TANAKA
CHAIRMAN
26 March 2022

MANAGEMENT DISCUSSION OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

For the year ended 31 December 2021

Isetan started trading in Singapore on 31 January 1972 catering to a wide spectrum of customers. Currently, our Flagship Store and an Investment Property are in the heart of the Orchard Road shopping belt, while our three other stores are in the suburbs.

RETAIL BUSINESS

OUR FLAGSHIP STORE (ISETAN SCOTTS)

Our flagship Scotts store is located at Shaw House and it has just completed its major renovation in the 4th Quarter of 2020. In addition to revamps to the Ladies Sundries, Ladies Wear and Men's Departments, new Food and Beverage concepts have been introduced to give added excitement and variety to the store. The supermarket at the basement level with its emphasis on high quality Japanese products is especially popular with our customers, offering Japanese lifestyle concepts to the Singapore market.

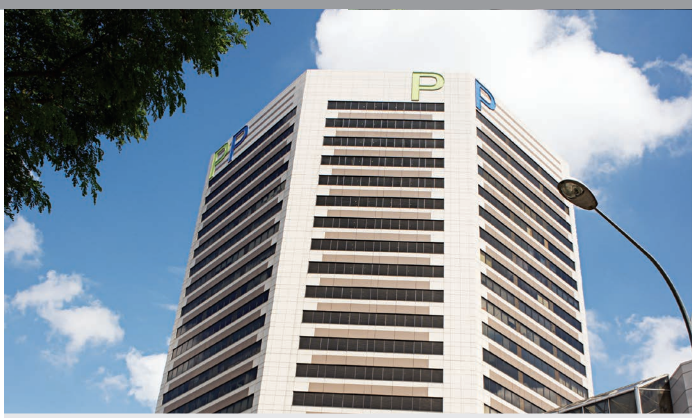
SUBURBAN REACH

(ISETAN TAMPINES, ISETAN KATONG, AND ISETAN SERANGOON CENTRAL)

Our venture into the suburban area started with our Katong Store in Parkway Parade in 1983. The store has since enjoyed the patronage of our customers for many years and this led us to open another store in Tampines Mall in 1995. Situated in a regional centre, the Tampines store is a popular shopping destination, especially for the residents living in and around Tampines.

Isetan Scotts (Flagship Store)

Isetan Tampines



Isetan Katong

MANAGEMENT DISCUSSION OF

RESULTS OF OPERATIONS AND FINANCIAL POSITION

For the year ended 31 December 2021

Our retail footprint in the suburban areas increased further with the opening of our Isetan Serangoon Central store on 25 November 2010. Spanning three floors in "nex" shopping mall, it offers a wide variety of merchandise ranging from cosmetics and fashion wear to other family-oriented items.

(Note: Our Isetan Katong store ceased operations on 30 January 2022. The Company will continue with its retail operations at Isetan Scotts, Isetan Tampines and Isetan Serangoon Central.)

PROPERTY LEASING BUSINESS

ISETAN WISMA ATRIA (INVESTMENT PROPERTY)

Isetan Wisma Atria is located at Wisma Atria, next to the busy Orchard MRT station. A change in our strategic direction led to the ceasing of our own retailing activities at this store at the end of March 2015 and we have converted it into an investment property for earning rental income. With this change, our presence in the Orchard Road shopping belt as a Department store is maintained via our Isetan Scotts store.

ISETAN WAREHOUSE

Our Kallang Pudding warehouse was purchased to support our retail operations. We have gradually consolidated the space needed for our retail operations and leased out partially the warehouse to generate rental income. From 2019, 50% of the property has been reclassified from property, plant and equipment to investment property.

Isetan Serangoon Central

Isetan Wisma Atria (Investment Property)

MANAGEMENT DISCUSSION OF
RESULTS OF OPERATIONS AND FINANCIAL POSITION
For the year ended 31 December 2021

INITIATIVES IN RESPONSE TO COVID-19 PANDEMIC

Safe management measures continued to be in place with the emergence of the Delta variant earlier in 2021 and then the Omicron variant towards the end of 2021. Our efforts to increase sales revenue were therefore hindered by measures like store capacity limits, safe distancing and restriction of sales events at mall concourse areas. To mitigate this impact, we continued to leverage on our E-commerce growth momentum, emphasise our key in-store events (e.g., Private Sales and Golf Sales), and introduce new merchandise trending concepts (e.g., our new bedding gallery at Isetan Scotts Level 4). To ensure our stores and workplaces are safe, we followed strictly the Government's Vaccinate or Regular Test regime, and monitored closely the self-isolation, health risk warnings and hospitalisation status of our staff and promoters.

OUR EMPLOYEES

Our workforce is our key asset, and we invest in them by sending them for in-house and external training programmes so as to update or upgrade their skill sets. Due to the Covid-19 situation, our in-house training programmes have been impacted as they are more hands-on in nature and effective when conducted in a face-to-face environment. Nevertheless, we continue to send our staff for courses conducted by external parties via online mode.

ANALYSIS OF COMPANY PERFORMANCE

	2021 $'000	2020 $'000
Revenue*	**85,804**	77,160
Other income	**6,746**	16,770
Total other gains / (losses)	**138**	(1,746)
Net Profit / (Loss) before Income tax	**2,156**	(20,225)
Income tax expense	**-**	-
Net Profit / (Loss) after tax	**2,156**	(20,225)
Earnings / (Loss) per share (cents)	**5.22**	(49.03)
Return on Equity	**1.99%**	(18.93%)
Dividend paid per share	**Nil**	$0.05

*Revenue consists of:	2021 $'000	2020 $'000
Sale of goods	**46,608**	44,173
Consignment income	**30,659**	26,052
Rental income – investment properties	**8,701**	8,066
Less: Government grant expense – rent concessions	**(164)**	(1,131)

MANAGEMENT DISCUSSION OF RESULTS OF OPERATIONS AND FINANCIAL POSITION

For the year ended 31 December 2021

RETAIL

The emergence of the highly virulent and transmissible Delta variant of Covid-19 disrupted the re-opening of the economy as cases spiked in May 2021 and started to increase exponentially in late August 2021. As a result, the Government implemented two phases of heightened alert and a stabilisation phase to slow down the rate of transmission. The high vaccination rate of the population helped to ease the situation as it reduces the chance of more people getting infected and boosting community protection. With a highly vaccinated population, longer periods of operations in 2021 due to the nationwide lockdown in prior year (known as the "circuit-breaker" measures), as well as the renovation of Isetan Scotts in 2020, sales of goods revenue increased from $44.173 million for the Financial Year ended 31 December 2020 ("FY2020") to $46.608 million for the Financial Year ended 31 December 2021 ("FY2021"). Likewise, consignment income increased from $26.052 million in FY2020 to $30.659 million in FY2021. Under the retail segment, other rental income increased from $0.988 million in FY2020 to $1.530 million in FY2021 due to new operating lease income and lesser rental rebates being given to tenants. With the impairment of right-of-use assets and property, plant and equipment for FY2021 totaling $2.441 million for FY2021 as compared to $22.609 million for FY2020, the retail segment's loss reduced from $24.695 million in FY2020 to $3.046 million for FY2021. Excluding the impact of the impairments, the performance of the retail segment similarly improved from a loss of $2.086 million for FY2020 to $0.605 million for FY2021.

The Covid-19 pandemic which first emerged locally in 2020 prompted more consumers to go online to meet their needs and wants. The Company's online business, which registered a four-fold increase in 2020 as compared to 2019, continued to do well in 2021 with a double-digit growth rate as compared to 2020. However, the online business currently still plays a complementary role to the Company's physical stores, and we seek to build on the momentum by improving the merchandise content and collaborating with our suppliers to bring in more unique merchandise.

PROPERTY

Rental income increased from $6.935 million in FY2020 to $8.537 million due to new operating lease income as well as lesser rental rebates being given to our tenants in 2021 as compared to 2020. Correspondingly, the results of the property segment improved from $2.451 million in FY2020 to $3.058 million in FY2021.

On 16 August 2021, the Company announced that it had entered into a tenancy agreement for Level Four of Isetan Wisma Atria that had been vacant since the termination of the lease with the former Food & Beverage tenant in 2020 due to the non-payment of certain sums owed to the Company. The new tenant, a prominent financial institution, will be taking up the premises for the purpose of setting up a banking branch. The lease will be for an initial lease term of five years and is expected to commence in the 2nd quarter of 2022.

INVESTMENT ACTIVITIES

	2021 $'000	2020 $'000
Dividend and Interest Income	**1,736**	2,742

In view of the ongoing pandemic, the Company continued to adopt a prudent approach with its investments by reducing its exposure to bonds in its investment portfolio. As a result, cash and cash equivalents have increased from $49.162 million on 31 December 2020 to $70.150 million on 31 December 2021, while other investments, at amortised cost has decreased from $44.429 million on 31 December 2020 to $29.426 million on 31 December 2021. The approach together with the lower interest environment in 2021 resulted in the Company's dividend and interest income reducing from $2.742 million in FY2020 to $1.736 million in FY2021.

MANAGEMENT DISCUSSION OF
RESULTS OF OPERATIONS AND FINANCIAL POSITION
For the year ended 31 December 2021

BUSINESS CONDITIONS AND CHALLENGES

According to the Government, the economy is forecast to grow by 3.0 to 5.0 per cent in 2022. It expects consumer facing sectors (like retail trade and food & beverage services) to gradually recover over the course of 2022 as domestic restrictions are progressively eased, and consumer sentiments improve amidst the turnaround in labour market conditions. However, the food and beverages services and certain tourist reliant segments of the retail trade are not expected to return to pre-Covid 19 levels by end 2022, due in part to the slow recovery in visitor arrivals.

The cessation of business at our Isetan Katong store after 30 January 2022 will impact the revenue of our retail segment in 2022. The Company will explore possible ways to mitigate the impact. This will include growing our E-Commerce business where its present contribution to the Company's revenue is not significant yet.

As announced during 2021, the Company had engaged a marketing agent to assess the market interest in the possible purchase of the Company's investment property in Wisma Atria. However, the exercise ended without yielding a positive outcome for the matter to proceed further. The Company will continue to explore all other options that may lead to a better yield from the property, including any possible future sale.

CASH POSITION

The Company's cash and cash equivalents increased from $49.162 million at the beginning of 2021 to $70.150 million at the end of 2021 due to net cash provided by operating activities and investing activities.

BOARD OF DIRECTORS

Academic and Professional qualifications		Directorship
Bachelor of Education, Waseda University (Japan).		**Date first appointed:** *21 May 2021*

Present Directorships in listed companies (as at 31 December 2021)	Other Principal Commitments (as at 31 December 2021)	Past Directorships in other listed companies over the preceding three years
Isetan (Singapore) Limited	• Managing Executive Officer and General Manager of Overseas Business Promotion Department of Isetan Mitsukoshi Holdings Ltd.	Nil

SATORU TANAKA
(Chairman)

Mr. Tanaka joined Isetan Company Limited (Japan) in 1986 and his past appointments include being the Operating Officer and Store Management Manager of Isetan Mitsukoshi Food Services Ltd, Representative Director, President and Executive Officer of Isetan Mitsukoshi Food Service Ltd, Operating Officer and General Manager of Food & Restaurant Merchandising Department of Department Store Business Planning and Operation Headquarters of Isetan Mitsukoshi Ltd, and Managing Executive Officer and Store Manager of Isetan Shinjuku Store Merchandising Headquarters of Isetan Mitsukoshi Ltd. Mr. Tanaka is presently the Managing Executive Officer and General Manager of Overseas Business Promotion Department of Isetan Mitsukoshi Holdings Ltd.

KOJI OYAMA
(Managing Director)

Academic and Professional qualifications		Directorship
Bachelor of Economics, Keio University (Japan)		**Date first appointed:** *1 May 2020 (as a Non-Executive Director and Managing Director (Designate).* **Date of appointment as Managing Director:** *1 August 2020* **Date last re-elected:** *19 June 2020*

Present Directorships in listed companies (as at 31 December 2021)	Other Principal Commitments (as at 31 December 2021)	Past Directorships in other listed companies over the preceding three years
Isetan (Singapore) Limited	Nil	Nil

Mr. Oyama joined Isetan Company Limited (Japan) in 1989 and has served in the Sales, Accounting, Human Resources and Overseas Business departments during the earlier years of his career. His senior appointments include being the Director and General Affairs Department Manager of Club 21 Japan Limited, Director and General Affairs Department Manager of Mammina Co., Ltd, Managing Director of Isetan of Japan Sdn. Bhd and Managing Director of ICJ Department Store (Malaysia) Sdn. Bhd. Prior to his present appointment as Managing Director of Isetan (Singapore) Limited, he was the Operating Officer, Assistant to the General Manager of Overseas Operations Department.

BOARD OF DIRECTORS

Academic and Professional qualifications		Directorship
Bachelor of Laws, National University of Singapore. **Master of Laws,** University of Melbourne.		**Date first appointed:** *1 July 2015* **Date last re-elected:** *19 June 2020*
Present Directorships in listed companies (as at 31 December 2021)	Other Principal Commitments (as at 31 December 2021)	Past Directorships in other listed companies over the preceding three years
Isetan (Singapore) Limited	• Associate Professor in the Nanyang Business School, Nanyang Technological University (Associate Provost, (Student Life)) • Associate Director, Aptus Law Corporation	Nil

ASSOCIATE PROFESSOR
VICTOR YEO CHUAN SENG

Associate Professor Yeo joined Nanyang Technological University (NTU) in 1992 after spending several years in private legal practice doing general commercial and corporate litigation at a leading law firm. He is an Associate Professor of Business Law and teaches in the University's undergraduate and post-graduate programmes. He has held several administrative positions, including that of Programme Director of the Nanyang MBA (Business Law), Head, Division of Business Law and Associate Dean at the Nanyang Business School. He is currently Associate Provost (Student Life), NTU. He has also served in various other administrative capacities at the University and was awarded the Public Administration Medal (Bronze) in 2013. Throughout his academic career, Professor Yeo has also served as trainer, advisor and consultant to numerous organisations on corporate law and governance issues.

Professor Yeo is also an Advocate and Solicitor of the Supreme Court of Singapore and is concurrently Associate Director with Aptus Law Corporation where he engages in corporate advisory work in the areas of corporate law, governance and securities regulation.

He is a Fellow of the Singapore Institute of Directors.

LIM BEE CHOO

Academic and Professional qualifications		Directorship
Bachelor of Business Administration, National University of Singapore.		**Date first appointed:** *1 July 2012* **Date last re-elected:** *28 April 2021*
Present Directorships in listed companies (as at 31 December 2021)	Other Principal Commitments (as at 31 December 2021)	Past Directorships in other listed companies over the preceding three years
Isetan (Singapore) Limited	Nil	Nil

Ms. Lim has more than 30 years' experience in the area of Human Resource Management. She has held senior positions in various companies which include PayPal, Hewlett Packard, Sara Lee Corporation, Standard Chartered Bank and Asian Infrastructure Investment Bank.

BOARD OF DIRECTORS

RICHARD TAN CHUAN-LYE

Academic and Professional qualifications		Directorship
Master of Business Administration, Henley Business School, University of Reading, United Kingdom **Fellow Member, Institute of Singapore Chartered Accountants** **Fellow Member, The Association of Chartered Certified Accountants (United Kingdom)** **Associate Member, The Chartered Institute of Management Accountants (United Kingdom)** **Certified Internal Auditor, awarded by The Institute of Internal Auditors, Inc.**		**Date first appointed:** *1 February 2019* **Date last re-elected:** *28 April 2021*
Present Directorships in listed companies (as at 31 December 2021)	Other Principal Commitments (as at 31 December 2021)	Past Directorships in other listed companies over the preceding three years
• Isetan (Singapore) Limited • REIT Management Limited • Heeton Holdings Limited	• Adjunct Associate Professor, NUS Business School. • Independent Advisory Member, of Asia Pacific Advisory Board of EFG Bank AG. • Independent Director, Sompo Insurance (Singapore) Pte Ltd. • Member of the Audit Committee, Agency for Science, Technology & Research (A*Star). • Member of the Audit and Risk Committee, Integrated Health Information System Pte Ltd. • Board member of All Saints Home and Singapore Repertory Theatre.	Nil

Mr Tan is an Adjunct Associate Professor with the NUS Business School, National University of Singapore. He is also an Independent Director at First REIT and Heeton Holdings Limited, Independent Advisory Member of Asia Pacific Advisory Board of EFG Bank AG, Independent Director at Sompo Insurance (Singapore) Pte Ltd, a member of the Audit Committee of Agency for Science, Technology & Research, and a member of the Audit and Risk Committee of Integrated Health Information System Pte Ltd.

He retired as a Risk Consulting Partner with KPMG in 2015 where he spent a total of 17 years over different periods and was involved in a combination of external audit and risk advisory services. Prior to re-joining KPMG, Mr. Tan spent 20 years in various international banks where he held senior positions in the areas of internal audit and operational risk management.

Mr Tan is a member of the Singapore Institute of Directors.

BOARD OF DIRECTORS

DIRECTOR WHO STEPPED DOWN DURING THE FINANCIAL YEAR 2021:

TOYOHIKO TANAKA	Academic and Professional qualifications	Directorship
	Bachelor of Education, Saitama University (Japan).	**Date first appointed:** *13 May 2019* **Date last re-elected:** *19 June 2020*

Present Directorships in listed companies (as at 31 December 2021)	Other Principal Commitments (as at 31 December 2021)	Past Directorships in other listed companies over the preceding three years
Nil	• Store Manager of Mitsukoshi Nihombashi Main Store	Nil

Mr. Tanaka joined Isetan Company Limited (Japan) in 1985 and his past appointments include being the General Manager of Isetan Matsudo Store, Store Manager of Isetan Matsudo Store and President of Chengdu Isetan. He was previously the Executive Officer and General Manager of Overseas Operations Department, before assuming his current position as the Store Manager of Mitsukoshi Nihombashi Main Store.

KEY EXECUTIVES' PROFILES

As at 31 December 2021

EI KANEFUJI

General Manager (Sales and Merchandising)

Mr. Kanefuji joined Isetan Company Limited (Japan) in 1993 where he held various appointments in Sales and Merchandising in Isetan Company Limited and Isetan Mitsukoshi Ltd. Mr. Kanefuji joined Isetan (Singapore) Limited in March 2018 where he was appointed as the General Manager (Sales and Merchandising). He received his Bachelor of Laws from Keio University (Japan).

GERARD GOH KIM WAN

Assistant General Manager (Finance and Information Systems)

Mr. Goh joined the Company in 1989. He has served in Finance, Information Systems, Sales Promotions, Merchandise Planning, Web Business, Store Operations, Budget Control and Corporate Planning Department. He received his Bachelor of Arts from the National University of Singapore and is also a member of the Institute of Singapore Chartered Accountants.

LOH KAH LEONG

Assistant General Manager (Operations)

Mr. Loh joined the Company in 1989. He has served in Store Operations and Merchandising Department. He received his Bachelor of Business Administration from the National University of Singapore.

GERALD LIM WEE LEE

General Merchandising Senior Manager

Mr. Lim joined the company in 1990. He has served in Store Operations, Administration and Merchandising Department. Mr. Lim received his Bachelor of Science (Estate Management) from the National University of Singapore.

TONG SHU LEE

Sales & Merchandising Planning Senior Manager

Mr. Tong joined the Company in 1989. He has served in Store Operations, Merchandising, Sales Promotion, Administration, and the Associate in China. He received his Bachelor of Business Administration from the National University of Singapore.

PETER TENG SHEEN YAN

Isetan Scotts Store Manager

Mr. Teng joined the Company in 1989. He has served in Store Operations, Merchandising and Sales Promotion Department. He received his Bachelor of Arts from McMaster University (Canada).

ANG SIEW KHIM

Isetan Sub-Urban Stores, Head

Ms. Ang joined the Company in 1974. She has risen through the ranks and served the Company in Store Operations and Human Resource Department.

SIMON CHIN SAI WAN

Marketing Department, Head

Mr. Chin joined the Company in 2017 as a Division Manager in the Ladies Wear Department and is presently heading the Marketing Department. Prior to this, he has more than 10 years of experience in the retail industry in Malaysia. He received his Bachelor of Science (Honours), Bioinformatics from the University of Malaya.

KEY EXECUTIVES' PROFILES

As at 31 December 2021

GERARD CHENG POH CHUAN

Human Resource Department, Head

Mr. Cheng joined the Company in 1980 and has held appointments in Merchandising, Advertising and Promotion, Sales, Human Resource, Corporate Affairs, Planning & Budget Control, Risk Management, Leasing and Legal Department. He received his Bachelor of Arts (Economics and Statistics) from University of Singapore as well as Master of Communications Management from the University of South Australia.

FOONG MUN LEONG

Finance Department, Acting Head

Mr. Foong joined the Company in 2021. He has experience in external audit since 2015. Prior to joining the Company, he was an Assistant Manager with a public accounting firm in Singapore. He received his Bachelor of Accounting (Hons) from the University of Science, Malaysia and is a member of the Institute of Chartered Accountants in England and Wales.

YEW KAI PING

Corporate Affairs and Governance Senior Manager

Mr. Yew joined the Company in 1988. He has served in Store Operations, Merchandising, Administration and Finance Department. He received his Bachelor of Business Administration from the National University of Singapore, Master of Business Administration from the Macquarie Graduate School of Management (Australia) and Master of Accounting from the Curtin University of Technology (Australia).

CHUA BOON AIK

Administration Manager

Mr. Chua joined the Company in 1990. He has served in Store Operations, Merchandising, Legal and Contracts, and Information Systems Department. He received his Bachelor of Business from the Curtin University of Technology (Australia) and Master of Business Administration from the State University of New York at Buffalo (USA).

SANDRA NG HWEE CHOO

Leasing Manager

Ms. Ng joined the Company in 2018. She has more than 10 years of experience in leasing. Prior to joining the Company, she held positions in leasing in HongkongLand Limited, City Development Limited and Far East Organization. She received her Bachelor of Business Administration from the University of Western Sydney.

FINANCIAL PROFILE

	Year ended 31.12.2021** $'000	Year ended 31.12.2020 $'000	Year ended 31.12.2019 $'000	Year ended 31.12.2018** $'000	Year ended 31.12.2017* $'000
	Extracted from FY2021 Financial Statements	Extracted from FY2020 Financial Statements	(Extracted from FY2019 Financial Statements)		(Extracted from FY2018 Financial Statements)
	Company level figures	Company level figures	Company level figures	Company level figures	Consolidated figures
	$'000	$'000	$'000	$'000	$'000
Operating results					
Revenue	**85,804**	77,160	111,885	122,171	128,875
Profit/(loss) before income tax	**2,156**	(20,225)	(26,532)	(13,584)	2,112
Income tax credit	**-**	-	-	-	15
Net Profit/(loss)	**2,156**	(20,225)	(26,532)	(13,584)	2,127
Total Assets					
Investment properties	**30,511**	32,851	35,290	28,820	29,689
Property, plant and equipment	**23,899**	24,683	26,432	27,984	43,926
Right-of-use assets	**20,264**	29,139	60,616	-	-
Financial assets, available-for-sale	**-**	-	-	-	3,864
Financial assets, fair value through other comprehensive income	**4,206**	4,518	4,417	3,744	-
Financial assets, held-to-maturity	**-**	-	-	-	53,181
Other investments at amortised cost	**24,390**	29,996	49,429	64,468	-
Club memberships	**170**	170	205	235	236
Investment in an associate***	**2,060**	2,033	1,852	1,512	340
Rental deposits	**3,811**	5,232	5,525	6,357	6,356
Trade and other receivables	**4,502**	5,978	4,357	119	447
Current assets	**89,782**	79,293	78,038	75,341	85,796
	203,595	213,893	266,161	208,580	223,835

FINANCIAL PROFILE

	Year ended 31.12.2021** $'000	Year ended 31.12.2020 $'000	Year ended 31.12.2019 $'000	Year ended 31.12.2018** $'000	Year ended 31.12.2017* $'000
Shareholders' Equity and Total Liabilities					
Shareholders' equity	**108,525**	106,817	129,001	157,287	173,185
Current liabilities	**51,516**	48,047	62,044	45,061	44,480
Non-current liabilities	**43,554**	59,029	75,116	6,232	6,170
	203,595	213,893	266,161	208,580	223,835
Shareholders' Equity					
Share capital	**91,710**	91,710	91,710	91,710	91,710
General reserve	**17,000**	17,000	17,000	17,000	17,000
Fair value reserve	**1,534**	1,846	1,841	1,483	1,608
Currency translation reserve	**120**	35	(64)	(15)	(9)
Other reserves	**70**	291	291	291	280
(Accumulated Loss) / Retained earnings	**(1,909)**	(4,065)	18,223	46,818	62,596
	108,525	106,817	129,001	157,287	173,185

*The results for the financial year ended 31 December 2017 has been restated following the retrospective adoption of the Singapore Financial Reporting Standards (International) 15 Revenue from Contracts with Customers.

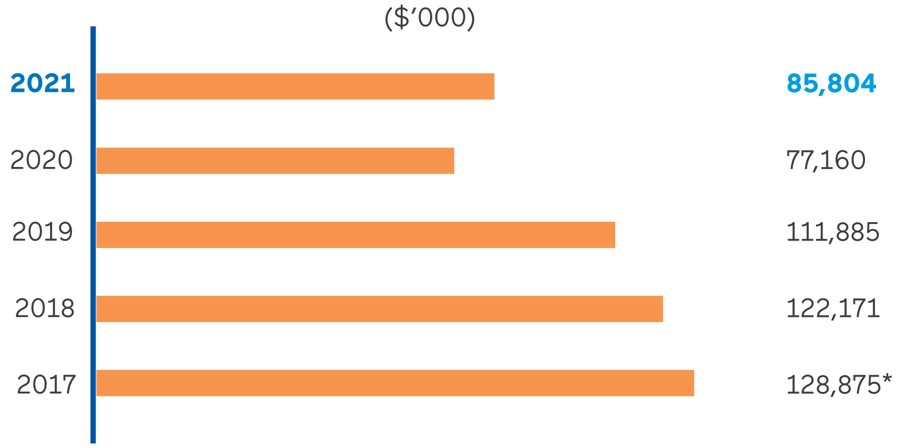
**Company level financial statements are prepared for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019. Accordingly, the results of the financial year ended 31 December 2018 have been restated to equity account for the Company's investment in an associate.

***The Company/Group accounted for its investment in an associate in the financial statements using the equity method of accounting less impairment losses, if any.

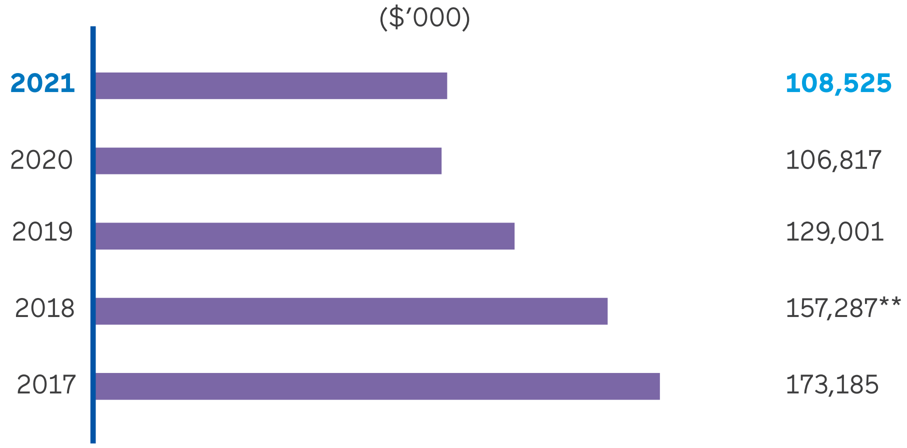
Earnings/(loss) per share (cents)	**5.22**	(49.03)	(64.32)	(32.93)	5.16
Dividend paid : Final Gross dividend per share (cents)					
- Ordinary	**0**	5.0	5.0	5.0	5.0
Net ($'000)	**0**	2,063	2,063	2,063	2,063
Net assets per share	**$2.63**	$2.59	$3.13	$3.81	$4.20

FINANCIAL PROFILE

Revenue
($'000)



Shareholders' Equity
($'000)



Net assets per share
($)

*The results for the financial year ended 31 December 2017 has been restated following the retrospective adoption of the Singapore Financial Reporting Standards (International) 15 Revenue from Contracts with Customers.

**Company level financial statements are prepared for the financial years ended 31 December 2021, 31 December 2020 and 31 December 2019. Accordingly, the results of the financial year ended 31 December 2018 have been restated to equity account for the Company's investment in an associate.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Satoru Tanaka
(Chairman)

Koji Oyama
(Managing Director)

Victor Yeo Chuan Seng
(Lead Independent Director)

Lim Bee Choo
(Independent Director)

Richard Tan Chuan-Lye
(Independent Director)

REGISTERED OFFICE

Company Registration no. 197001177H
593 Havelock Road, #04-01
Isetan Office Building
Singapore 169641
Tel: (65) 6732 8866
Fax: (65) 6736 0913

Website: www.isetan.com.sg
E-mail: isetansin@isetan.com.sg

COMPANY SECRETARY

Lun Chee Leong

REGISTRAR

M&C Services Private Limited
112 Robinson Road #05-01
Singapore 068902
Tel: (65) 6227 6660
Fax: (65) 6225 1452

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Audit Partner: **Chua Lay See**
(Appointed in 2018)

SUSTAINABILITY REPORT

BOARD STATEMENT

We are pleased to publish our fifth sustainability report prepared in line with the Singapore Exchange (SGX) "comply or explain" sustainability reporting guidelines. Isetan considers sustainability as a key consideration in its strategy formulation. Through this report, we aim to share a balanced perspective of our ongoing efforts and progress in this area.

The Board, with the support of the Audit and Risk Committee, has been actively involved in the preparation of this report including prioritisation of material factors for the company. During our review of the material factors, energy consumption and emissions, workplace health and safety, human capital development, product quality, marketing and product labelling, customer satisfaction and privacy, cybersecurity, customer health and safety, anti-corruption and compliance, and corporate social responsibility continue to remain the most significant economic, environmental, social and governance impacts and priorities of our business as well as our stakeholders. In addition, we have aligned certain of our material factors with relevant United Nations (UN) Sustainability Development Goals (SDGs).

The Board will continue to monitor sustainability which remains a core part of the business along with progress on the commitments in the material areas.

COVID-19 RESPONSE

Since the emergence of the Covid-19 virus about two years ago, it has proven to be one of the most devastating events that has caused widespread suffering and deaths all around the world. Fast forward to the end of February 2022 , about 91 % of Singapore's population has completed the full double-dose vaccination regime, with the booster shot drive underway. The Government has reopened the economy in a calibrated manner and more daily activities have been allowed to resume as normally as possible with the necessary precautions.

Despite the many negative consequences that the pandemic has brought upon us, it has also taught us a few valuable lessons:

Firstly, the health and safety of everyone plays a central role in our daily activities. In this regard, Isetan Singapore has embarked on our "Care Promise" since last year and put in place the necessary precautionary measures such as increased cleaning and sanitising of our premises, store capacity limits, safe distancing markers and reminders, compulsory mask wearing at workplaces, and regular Antigen Rapid Tests (ART).

Secondly, a community and collaborative approach is needed to respond to the pandemic. In line with the Government's strategy of a high vaccination rate in the population, a vast majority of our staff and promoters have already received the double-dose vaccination and are undergoing the booster jab regime. In addition, our staff and promoters regularly carry out the ART, and anyone with a positive result must comply with the Government's relevant health protocol.

Thirdly, agility and responsiveness are key factors to a Company's ability to survive in a changing environment. In this regard, our foray into E-commerce in 2009 provided us with a good foundation to scale up our online business during the "circuit breaker" period in 2020 and the preference of some consumers to shop from home. The Company continues to build on the momentum to increase its online sales as a complement to the Department Store business as more customers get accustomed to online shopping. The ability to digitalise many of our backroom functions also enabled our staff to function and work productively from home.

SUSTAINABILITY REPORT

ABOUT THE REPORT

We operate department stores and a supermarket in Singapore. In addition, we own properties which are leased out to tenants and for our own use. Isetan (Singapore) Limited is headquartered in Singapore and listed on the Singapore Exchange (SGX) mainboard. We are a subsidiary of Isetan Mitsukoshi Ltd, and our ultimate holding company is based in Tokyo, Japan.

Reporting Scope and Period

This report covers the sustainability performance of our operations for the financial year ended 31 December 2021 ("FY2021") and includes data and information relating to our four stores (Isetan Scotts, Isetan Tampines, Isetan Katong* and Isetan Serangoon Central) and our investment property at Isetan Wisma Atria in Singapore.

(*Note: Isetan Katong ceased operations on 30 January 2022)

Reporting standard and assurance

This report has been prepared with reference to the Global Reporting Initiative ("GRI") Standards and in line with the SGX Sustainability Reporting Guide. The report covers the company's policies, practices, initiatives, performance and goals in relation to material Environmental, Social and Governance ("ESG") factors and will be updated on an annual basis.

We have not sought external assurance for this reporting period but may consider doing so in future. However, from FY2022, the Sustainability Report will be subject to an internal review by our outsourced Internal Auditor so as to comply with the new Listing Rule 711B.

Feedback

Stakeholder inputs are key to defining our sustainability approach and value and we welcome any feedback with regards to this report or any aspect of our sustainability performance. Please feel free to reach out to us at sustainability@isetan.com.sg

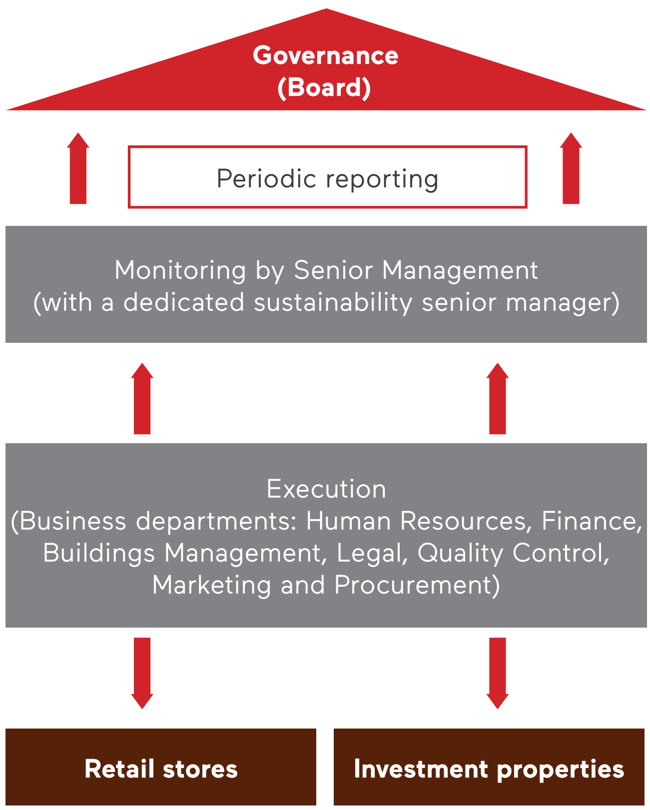
SUSTAINABILITY AT ISETAN

Integrity and responsible business practices are a core part of Isetan's DNA. Our approach to sustainability embodies the Japanese culture of "Omotenashi", whereby we strive to treat our customers to the best of our ability. We are also guided by our core values such as integrity, trust and accountability, and our code of conduct, which governs the way we interact on a day-to-day basis with our employees, customers, business partners, environment, and the community at large.

Governing Sustainability at Isetan

Following the announcement of the SGX sustainability reporting guidelines, we have formalised the execution, monitoring and governance of our sustainability risks and opportunities.

Our material risks and opportunities are managed at the store by different business functions which then report to the senior management. The senior management assesses the performance and updates the Board which takes on the overall responsibility for providing governance and guidance.



SUSTAINABILITY REPORT

STAKEHOLDER ENGAGEMENT

Stakeholder needs and concerns help us determine our sustainability priorities and hence we engage with our stakeholders on a regular basis. Our stakeholders are identified and prioritised based on their dependence and influence on our business.

Stakeholders	Frequency of engagement	Method	Topics of Concern	Our Response
Employees	*Daily*	• Daily Morning Meetings/ line leaders' meeting/virtual meetings during COVID-19 • Staff Feedback	• Work conditions • Pay and Benefits • Work processes and procedures	• Improve productivity via digitalisation • Reward performance with Incentives • Clarifications during regular meetings
Suppliers	*Weekly to Monthly*	• Memos • Meetings	• Brand/Product Performance • Cost of business	• Gain insights on current trends in the industry
Customers	*Daily to Monthly*	• Engagement through social media platforms, electronic direct mail, newsletter, and press media • Corporate email • Corporate website • Face-to-face feedback with service personnel serving on the sales floor.	• Request for Japanese Products • Price Promotion • Stock Availability • Knowledgeable Sales Staff • Convenience and Experience • Store hygiene and Covid-19 safe management measures are in place	• Update latest fashion/lifestyle • Ensure first venue launch for new products • Improve customer interactions with support from Japan HQ (merchandising and training)
Shareholders	Half-yearly to Annually	• Half-Yearly Announcements • Annual Report • Face-to-Face Meetings/ virtual general meeting during COVID-19	• Business Performance • Dividends • Shareholder value	• Improve returns • Reduce Costs • New Strategies & Initiatives
Community	*Quarterly to Annually*	• Isetan Foundation[1] Activities	• Financial Support • Joint activities with community	• Ensure distribution of annual funds according to objectives of the Foundation
Tenants	*Daily to Monthly*	• E-mail • Mail • SMS • On-site engagement with Company personnel or agent stationed at the relevant properties	• Rent • Customer Traffic • Promotions	• Apply market rent plus GTO • Provide A&P support for tenants • Ensure High Occupancy • Resolve day-to-day operational matters or feedback

[1] The Isetan Foundation was formally launched in 1981 with an initial endowment from Isetan (Singapore) Ltd. Today, it continues to serve as a charitable organisation in the areas of education and culture.

SUSTAINABILITY REPORT

<u>Materiality Assessment</u>

The SGX guidelines on sustainability reporting have allowed us to realign our existing sustainability practices from the viewpoint of materiality. We conducted our Materiality Assessment in accordance with the "GRI Standards' *Principles for defining report content*". Besides taking in any feedback from our customers and shareholders, we also engage our employees and management regularly in our review of the material sustainability factors and validate the results with the Board to arrive at the final list of material factors to be looked at based on their importance to stakeholders and significance of impacts. For FY2021, the material sustainability factors identified in the previous sustainability report remain relevant.

A summary of these factors is shown in the matrix below.

	Environmental	Social		Governance
Material Factors	1. Energy Consumption and Emissions	2. Human Capital Development 3. Workplace Health and Safety	4. Product Quality 5. Customer Satisfaction and Privacy 6. Cybersecurity 7. Customer Health and Safety 8. Corporate Social Responsibility 9. Marketing and Labelling	10. Anti-corruption and Compliance

The United Nations (UN) adopted the 17 Sustainable Development Goals (SDGs) in 2015 to establish a global partnership to end poverty, protect the planet and for all people to enjoy peace and prosperity. As a global corporate citizen, Isetan is committed to supporting the UN's initiative by aligning certain of the SDGs with our sustainability factors. The table below provides a summary of our efforts in this regard:

SDG	SDG Target	Material Topic	Initiative
Sustainable Cities and Communities 	*11.6 Reduce the adverse per capita environmental impact of cities*	Energy Consumption and Emissions	• Switching to Light emitting diode lightings as far as possible. • We have in place energy conservation systems (Z-Cep) in certain of our stores. • Replacement of old or end-of-life M&E equipment with more energy efficient models which helps to reduce energy consumptions.
Gender Equality 	*5.5 Ensure women's full and effective participation and equal opportunity for leadership at all levels of decision-making in political, economic and public life*	Human Capital Development	• Our proportion of female employees in management positions makes up about 57% of the Company's total management staff. This ratio demonstrates our commitment to equal opportunity for our female employees.

SUSTAINABILITY REPORT

SDG	SDG Target	Material Topic	Initiative
Decent work and economic growth 8 DECENT WORK AND ECONOMIC GROWTH	*8.8 Protect labour rights and promote safe and secure working environments for all workers*	Workplace Health and Safety	• Monthly workplace and fire safety checks performed by the Fire and Safety Manager. • Adherence to the Covid-19 Safe Management Measures mandated by the Government.
Peace, Justice and Strong Institutions 16 PEACE, JUSTICE AND STRONG INSTITUTIONS	16.5 Substantially reduce corruption and bribery in all their forms.	Anti-corruption and Compliance	• A zero-tolerance stance on corruption is communicated to all staff during the orientation programme when they join the Company. • The policy is stated in the Code of Conduct which is distributed to all staff. • Any alleged violation of the Code of Conduct will be investigated by the management, and disciplinary action taken where necessary.

ENVIRONMENT

ENERGY CONSUMPTION AND EMISSIONS

Energy consumption is a significant impact arising from our buildings. Electricity is crucial to our daily operations, from the operation of refrigerators in our supermarkets to the lights and air conditioning in our department stores and investment properties. Higher energy consumption generates Greenhouse Gas (GHG) emissions which contribute to climate change and rising sea levels. We recognise that lighting, air-conditioning, ventilation, and refrigeration at our stores are the main drivers for direct energy consumption, and therefore carbon emissions.

At the recent Climate Change Convention held in Glasgow in November 2021 (known as "COP26"), the goal was for participating nations to accelerate efforts to reduce emissions enough to keep the planet below 1.5 degrees of warming as compared with levels before the Industrial Revolution. In view of the urgency of such climate change issues, we at Isetan also have a responsibility as a corporate and global citizen to reduce our environmental footprint.

MANAGEMENT APPROACH

We have implemented a series of practices and initiatives to minimise our energy consumption by improving energy efficiency at our stores and investment property.

Switching to light emitting diode ("LED") Lighting
Over the years, we have embarked on a phased journey to replace conventional lighting with energy efficient LED lights as the latter are more energy efficient and longer lasting. We are achieving this primarily through installing new LED lightings during our new store renovations and regular replacements of lights where possible

Implementing energy conservation system
We have also implemented energy conservation systems (Z-CEP) that lower fluctuations and reduce consumption at Isetan Scotts, Isetan Tampines and Isetan Katong.

Replacing new Mechanical & Engineering ("M&E") equipment with energy efficient models
We replace our M&E equipment with new ones when they are approaching or have reached their end-of-life stage. This helps to reduce our energy consumption as the new equipment are more energy efficient.

SUSTAINABILITY REPORT

Energy saving practices at the shop floor
We implemented energy saving measures at our stores and encourage our staff to be more mindful of their energy consumption. For example, we reduce lighting usage just before the closure of stores and only start our escalators five minutes before opening. These measures have now been ingrained into our daily practices.

UPDATE ON PERFORMANCE AND TARGET SCOREBOARD FOR FY2021

PERFORMANCE:

Energy intensity[2]
2021: 1.04 GJ per m²
2020:0.87 GJ per m²

Emissions intensity
2021: 117.56 kgCO2 per m²
2020: 98.54 kgCO2 per m²

In 2020, energy and emission intensity were reduced due to the onset of the Covid-19 pandemic whereby the Government implemented the "circuit breaker" measures from 7 April to 1 June 2020 to control the spread of the virus. In a phased re-opening of the economy, our stores re-opened for business on 19 June 2020. With the opening of the economy in a calibrated manner and safe management measures in place, we have remained fully opened during 2021 save for a one-day closure during the Chinese New Year. As a result, our energy and emission intensity results for 2021 has increased by 19.5% and 19.3% respectively as compared to 2020. [Note: As compared to 2019 (under pre-Covid 19 conditions), the energy and emission intensity results for 2021 were lesser by 2.8% and 3.2% respectively.]

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGET FOR FY2021

Target	Performance Update
To switch to LED lights as far as possible at the stores when existing lights reach the end of life	Approximately 61% of Isetan Scotts' lightings have been converted to LED after its recent major renovation. The conversions to LED lights at Isetan Tampines, Isetan Katong and Isetan Serangoon have been temporarily impacted by the pandemic.

TARGET AND FUTURE INITIATIVES FOR FY 2022

Close monitoring of monthly energy consumption to detect any abnormalities (exceed 5% on a year-on-year basis).

CARE FOR THE ENVIRONMENT

The Company is also preparing for the Mandatory Packaging Reporting Framework which has the aim of raising greater awareness among companies on the benefits of packaging waste reduction. We have started collecting packaging data from 2021 for annual reporting to the National Environment Agency in 2022.

SOCIAL

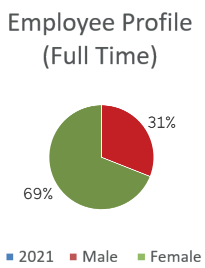
HUMAN CAPITAL DEVELOPMENT

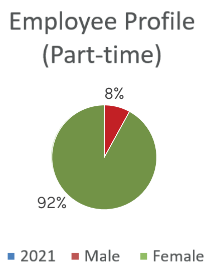
As at 31 December 2021
Isetan Employee Profile

	Male	Female	Total
Full Time	103	227	330
Part-Time	6	73	79
Total	109	300	409

[2] This data excludes our investment properties where we do not have operational control over the tenant. However, we continue to work with our tenants to improve their energy performance for our investment properties.

SUSTAINABILITY REPORT





The ratio of male-to-female employees is approximately the same despite the drop in number of employees from 428 in 2020 to 409 in 2021. As a Company that has been operating since 1972, we have a pool of experienced staff that is a vital asset to the organisation. The Company is supportive of retaining our older staff, of which about one-third of our staff strength is above 55 years old as at the end of 2021.

Operating in the service industry, Isetan considers its people as the greatest asset that serve as a vital point of contact between our customers and the company. Therefore, it is our top priority to empower our staff and to equip them with the necessary skills that they need to be able to do their best. With a team of 409 people, we hope to continue improving their skills required to meet the ever-changing demands of the industry.

MANAGEMENT APPROACH

We invest in our human resources by identifying the right talent, providing them with the appropriate training opportunities and taking care of their welfare.

Talent attraction

We employ fair and equal opportunity practices in selecting a diverse workforce. Our collective bargaining agreement covers all locally engaged employees except staff holding managerial, executive or confidential positions. 74% of our employees are covered by collective bargaining agreements whereby they benefit from union activities and the collective agreement entered with management.

Creating a strong talent pipeline in our industry is crucial and we believe we can make an impact.

We offer internship opportunities to local polytechnics and Institute of Technical Education (ITE) students which provide them exposure to the retail industry and work opportunities post completion. This year, our internship programme with ITE has resumed with four students after it was suspended last year due to the Covid-19 pandemic.

Training and development

Our in-house training programmes that focus on basic sales and service continue to be impacted by the Covid-19 pandemic as the main mode of the training has been through face-to-face classes and are hands-on in nature. To mitigate the reduced formal training hours, we continue to rely on our daily pre-shift commencement meetings to disseminate key information and learning points to our staff. Other non-service related training provided by third-party vendors and government agencies were mainly carried out online.

UPDATE ON PERFORMANCE AND TARGET SCOREBOARD FOR FY2021

PERFORMANCE:

Average training hours per person in 2021

	2021	2020
Management	4.36	1.80
Non-management	2.32	1.10

Notwithstanding that our in-house training programmes were impacted during 2021, there was, however, an overall increase in training hours for both management and non-management staff as compared to 2020. In 2021, the higher training hours for management staff was mainly due to staff attending courses relating to government regulations (e.g., Precious Stones and Precious Metals Act and Personal Data Protection Act), Food safety and hygiene, and a new HR software platform that were all conducted by external parties. For non-management staff, the increase was mainly due to training relating to Food safety and hygiene, our new HR software platform, and Covid-19 employer supervised self-swab procedures that were all conducted by external parties.

SUSTAINABILITY REPORT

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGET FOR FY2021

Target	Performance Update
The staff training for 2021 will focus on getting ready for our new Enterprise Resource Planning system, E-commerce and Mobile App platforms.	The training has been shifted to 2022 due to an adjustment in the project timeline.

TARGETS AND FUTURE INITIATIVES FOR FY2022

Ratio of female employees in management positions shall remain at above 50% as at the end of the year.

We aim to have 3.4 average training hours for management staff and 2.6 average training hours for non-management staff.

WORKPLACE HEALTH AND SAFETY

The well-being and safety of our employees is paramount to us. Despite the nature of our operations, the health and safety of our staff, especially those on site, can still be at risk. In view of ensuring that our staff is in their best condition, we have put in place various safety regulations and controls to prevent safety lapses.

During this pandemic, we adhere to the Government's guidelines and safe management measures and update our pandemic business continuity plan accordingly. In line with the Government's strategy of a high vaccination rate, we encourage all our staff and promoters to get fully vaccinated, followed by the booster shot. As part of our risk management plan, we also monitor any occurrences of Covid-19 infections, health risk warnings and/or hospitalisations in our company. Deep cleaning and disinfection will be carried out at our premises where necessary.

MANAGEMENT APPROACH

An appointed fire and safety manager looks after the safety of our stores. The fire and safety manager and his team are tasked with conducting monthly workplace and fire safety checks and provide training on Health and Safety to our staff.

The risk of terrorism is taken very seriously, particularly in a business like ours. We have in place standard operating procedures in the event of a possible terrorist attack.

UPDATE ON PERFORMANCE AND TARGET SCOREBOARD FOR FY2021

PERFORMANCE:

	2021	2020
Lost days	4	0
Work injuries	1	0
Fatalities	0	0

In 2021, there was a case of work injury involving a supermarket staff who accidently slipped in a food processing room and sustained a cut on his hand. Supermarket staff have been advised to be careful when moving around places with sharp tools or objects.

SUSTAINABILITY REPORT

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGET FOR FY2021

Target	Performance Update
To strive for zero incidents of work-related injuries	Please see results above

TARGET AND FUTURE INITIATIVES FOR FY2022

To strive for zero-work related injuries.

PRODUCT QUALITY

Product quality particularly that of our food products at our supermarket, is a key risk which can lead to significant reputational damage and legal consequences. This risk arises around the safety of food items that we sell and the hygiene of our stores. Therefore, numerous controls and policies have been implemented to ensure that all our stores are safe and the products we deliver are of the best quality and up to the highest food hygiene standards.

MANAGEMENT APPROACH

Maintaining high food safety standards

Food safety in Singapore is governed by the Singapore Food Agency (SFA) and we ensure that we are fully in compliance with their regulations. Isetan has ensured that our food suppliers have obtained SFA approval for their products, and their supplies are correctly labelled and have undergone the SFA tests. We only procure from suppliers and importers that meet these standards.

At the store, we have implemented several safety precautions. We follow a first-in, first-out approach to minimise expired products and food expiry inspections are carried out on a regular basis. Food that has once been opened is not sold and extra care is taken in handling cold storage and fresh food items.

Ensuring hygiene at our premises

Our employees are trained to maintain the highest standard of hygiene to avoid any issues of non-compliance with the SFA regulations. Our staff go through courses on hygiene that are conducted by SFA authorised schools to attain the compulsory certification required to become food handlers. In addition, we have prepared a manual on hygiene which guides our employees with best practices such as wearing of masks and hair caps during food preparation, segregating cooked and raw food, and ensuring nothing is kept on the ground. Above all, our "Company Philosophy" campaign instils amongst our employees the culture of maintaining high hygiene standards and freshness of our merchandise.

UPDATE ON PERFORMANCE AND TARGET SCOREBOARD FOR FY2021

PERFORMANCE:

In 2021, there were no incidents (2020: nil) that resulted in non-compliance with regulations and/or voluntary codes concerning the health and safety impacts of products. Last year, we set the following targets and reported that we planned for the following initiatives:

TARGET FOR FY2021

Target	Performance Update
We will continue to strive towards zero incidents of food safety and food hygiene lapses	There were no substantiated incidents of food safety and food hygiene lapses.

TARGETS AND FUTURE INITIATIVES FOR FY2022

To carry out product quality and safety ratings as part of our new supplier evaluation and onboarding process.

To strive for zero incidents of non-compliance of regulations regarding our food products.

MARKETING AND PRODUCT LABELLING

As we operate both department stores and a supermarket, providing accurate product labelling and marketing information becomes an important aspect of our operations. Furthermore, our emphasis on Japanese products at the supermarket would require us to ensure that proper labelling is provided for our customers to understand the contents of the product before they make their purchases.

SUSTAINABILITY REPORT

MANAGEMENT APPROACH

We strive to provide adequate and accurate product and marketing information so that our customers can make informed choices. Our suppliers must adhere to the legislation pertaining to product information and labelling.

UPDATE ON PERFORMANCE AND TARGET SCOREBOARD FOR FY2021

PERFORMANCE

There were no incidents of non-compliance of legislations pertaining to product information and labelling in 2021.

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGET FOR FY2021

Target	Performance Update
To strive for zero incidents of non-compliance of product information and labelling.	There were no cases of non-compliance of product information and labelling.

TARGET AND FUTURE INITIATIVES FOR FY2022

To strive for zero incidents of non-compliance of product information and labelling.

CUSTOMER SATISFACTION AND PRIVACY

Customer satisfaction is crucial, particularly for a Business-to-Consumer business like ours. With the rapidly growing e-commerce market, the retail industry is constantly being challenged to improve customer experience and retain traffic at the stores. Furthermore, with today's social media, any negative publicity can lead to immense reputational damage and a loss of customers in a short span of time. Hence, ensuring that our customers have an enjoyable experience while shopping at Isetan is imperative to us, and we will take all steps in enhancing their shopping journey.

As we transform more of our business processes digitally, protecting our customers' personal data and confidential information becomes more important. We have in place policies and procedures on the handling of personal data that has been entrusted to us by our customers.

MANAGEMENT APPROACH

We strive to differentiate ourselves with exceptional merchandise, service and environment. We place great importance in ensuring our customers that their data and personal information are well protected.

Our "Company Philosophy"
We have in place our annual "Company Philosophy" campaign to continually improve our customer experience, as well as the "Sales Skill Up Programme" which equips our staff in Omotenashi Service. The campaign has been temporarily scaled down due to the pandemic but will be resumed after the situation returns to normal.

Managing our customers' feedback
Dedicated staff are assigned to monitor our customers' feedback through channels like our corporate email, website, social media platforms, in-store feedback forms and service personnel serving on the sales floor. We value our customers' feedback and strive to respond in a timely manner.

Customer Privacy
As a retail business, we handle a significant amount of personal data of our customers and recognise the importance of keeping this information secure. We conduct our business in compliance with the Personal Data Protection Act (PDPA), which guides us with the collection, use and disclosure of personal data.

The Company takes extra precautions to better protect its customers' data and maintain their trust in protecting their personal data. In this, we work with our vendors and auditors to monitor and rectify any weaknesses in our IT control measures (including cybersecurity) in a timely manner. We have in place our Disaster Recovery and Business Continuity Plans to facilitate the recovery of critical IT facilities and platforms within an acceptable time frame.

SUSTAINABILITY REPORT

UPDATE ON PERFORMANCE AND TARGET SCOREBOARD FOR FY2021

PERFORMANCE:

	2021	2020
Customer Satisfaction Index of Singapore rating (CSISG)	73.2	No year-on-year results were available on Isetan
Placing in Department Store Ranking in the CSISG	4th placing in the Department Store ranking in the CSISG 2021	No year-on-year results were available on Isetan
Breaches of customer data	The Company did not discover any evidence of a breach of customer data during the year.	The Company did not discover any evidence of a breach of customer data during the year.

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGET FOR FY2021

Target	Performance Update
To strive for a top 3 CSISG ranking among department stores and achieve a higher CSISG score than the one published for FY2019	Please see results above.

TARGETS AND FUTURE INITIATIVES FOR FY2022

To strive for a top 3 placing in the Department Store Ranking in the CSISG.

To strive for zero breaches in relation to PDPA or consumer data.

CYBERSECURITY

As more of our work processes are online, and our computer systems and networks become more interconnected, the exposure to cyber-attacks will increase. As such, the need to manage these risks becomes more urgent and important.

MANAGEMENT APPROACH

Facing and responding to digital risks will be part and parcel of operating in the new digital age. Our strategy must evolve around critical elements like knowing the risks, monitoring them and our preparedness to respond. Adequate resources must also be devoted to carrying out the strategy. We are working with our vendors, consultants, and auditors in our drive towards an adequate and effective digital risk management program.

PERFORMANCE

We are pleased to report that there were no incidents that resulted in any significant operational or financial impact to the Company during the year.

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGETS FOR FY2021

Target	Performance Update
To enhance awareness of cybersecurity among staff through cybersecurity awareness training.	Cyber security briefings were conducted for relevant staff during the year to enhance their awareness of the subject matter.
To further strengthen the Company's cybersecurity controls to prevent any significant adverse financial impact or disruptions to its operations.	The Company is continuously strengthening its cybersecurity controls. Measures implemented during the year include the roll out of a new end-point protection and monitoring system for the Company's deployed computers, two-factor authentication for logging into the Company's computers network, and the restriction of using non-company issued devices (e.g. thumb drive) when logged into the company's network.

SUSTAINABILITY REPORT

TARGET AND FUTURE INITIATIVES FOR FY2022

To place high importance on cybersecurity and strive for zero incidents of cybersecurity breaches.

CUSTOMER HEALTH AND SAFETY

Our customers are the lifeblood of our business, and we spare no effort to maintain a high standard of health and safety standards for them.

MANAGEMENT APPROACH

We have in place written policies and procedures relating to store safety and handling of emergency situations like fire breakouts, bomb and terrorist threats, power blackouts and pandemics. Besides adhering to the regulatory requirements of the authorities with respect to our stores and properties, we have a maintenance regime and replacement programme of our critical operational and fire safety equipment to ensure that they are in good working condition.

In view of the Covid-19 situation, we have put in place safe management practices for our stores which are in line with the authorities' regulations. These measures include store capacity limits, safe distancing, and heightened cleaning and disinfection of our premises.

As part of our annual Enterprise Risk Assessment exercise, we have identified Health and Safety as a Tier One risk. As such, we place heavy emphasis on fire prevention measures like having monthly internal surprise fire safety audits at the stores where we identify potential fire hazards. Any lapses or gaps identified by the Safety Manager must be rectified in a timely manner. To strengthen these measures, we have in place fire evacuation plans and appointment holders at each of our stores and properties. Our staff also participate in fire drills organised internally at our own properties or by the respective mall owners so that our staff and tenants are familiar with the emergency routes and actions to take. Due to the Covid-19 situation, the authority has allowed desk-top fire drills to be carried out this year. During the year, the Company conducted its own desk-top fire drill for its warehouse property.

PERFORMANCE

All critical operational and fire equipment that were due for maintenance in 2021 were carried out as planned. Management will constantly review the maintenance and replacement programme to ensure it is still relevant and effective.

The monthly internal fire safety audits and fire drills were carried out as planned or required by the authorities.

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGETS FOR FY2021

Target	Performance Update
Continue with monthly internal fire safety audits at our stores and periodic fire drills for each store and property.	Monthly internal fire safety audits were carried out at our stores.
Strive for zero incidents of regulatory violations raised by authorities.	There were no incidents of regulatory violations raised by the authority.

TARGETS AND FUTURE INITIATIVES FOR FY2022

Strive for zero cases of regulatory violations raised by authorities. Continue with monthly internal fire safety audits at our stores and investment property with less than 5 repeated violations for each store averagely per month.

CORPORATE SOCIAL RESPONSIBILITY

There is growing evidence of positive correlation between community investments and value creation for companies; particularly companies like ours which are closely associated with the communities in which we operate. As a household brand name in Singapore, Isetan is committed to being a responsible corporate citizen and to making a positive impact on the community.

MANAGEMENT APPROACH

Isetan has been supporting the community through the Isetan Foundation since 1981. The Foundation's commitment is to disburse its funds to selected institutions and charitable institutions whose objectives are like those of the Foundation.

Fostering Education

The Foundation has provided grants to the major universities in Singapore to establish endowment funds which in turn generate income to fund scholarships annually for undergraduates with the core priority to those in financial difficulties. Over the past years, the total grants from the Foundation to the three Universities – National University of Singapore, Nanyang Technological University and the Singapore Management University – have amounted to almost $1.4m.

Over the past years, the Foundation has also funded bond-free scholarships at Temasek Polytechnic-School of Retail Management and the ITE. The Foundation has committed to provide the annual scholarships of $8,000 to ITE for another three years.

UPDATE ON TARGET SCOREBOARD FOR FY2021

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGETS FOR FY2021

Target	Performance Update
To uphold its commitment to support the needs of the community through donations from Isetan Foundation to recipients related to Education.	The Foundation donated an amount of $8,000 to ITE.

TARGET AND FUTURE INITIATIVES FOR FY2022

To contribute to the needs of the community in the areas of education and culture through donations from Isetan Foundation.

GOVERNANCE

ANTI-CORRUPTION AND COMPLIANCE

Isetan is committed to upholding a high standard of ethics and corporate governance. It adopts a zero tolerance on corruption and expects its employees to act responsibly, honestly and ethically when carrying out their duties and responsibilities.

MANAGEMENT APPROACH

We have in place a Code of Conduct applicable to all employees which sets out the guiding principles when they conduct business activities. Any alleged violation of the Code of Conduct will be investigated by the management. If an employee is found to have breached the Code, he/she will be disciplined accordingly.

PERFORMANCE

There were no cases of corruption in FY2021.

UPDATE ON TARGET SCOREBOARD FOR FY2021

Last year, we set the following targets and reported that we planned for the following initiatives:

TARGET FOR FY2021

Target	Performance Update
To maintain zero cases of unethical behaviour amongst staff.	There were no cases of unethical behavious involving our staff.

TARGET AND FUTURE INITIATIVES FOR FY2022

To maintain zero incidents of unethical behaviour (including corruption) and zero breaches of the Code of Conduct amongst staff.

MEMBERSHIPS/EXTERNAL INITIATIVES/CHARTERS

Singapore Retailers Association

Orchard Road Business Association

Japanese Chamber of Commerce and Industry, Singapore

Singapore Business Federation

Isetan Foundation

SUSTAINABILITY REPORT

GRI CONTENT INDEX

Disclosure Number	Disclosure Title	Reference page/remarks
General disclosures		
102-1	Name of the organisation	Cover Page
102-2	Activities, brands, products, and services	6 to 7
102-3	Location of headquarters	20
102-4	Location of operations	Corporate Directory Page
102-5	Ownership and legal form	110 to 111
102-6	Markets served	102 and 104
102-7	Scale of the organisation	6, 7, 26, 56 to 61
102-8	Information on employees and other workers	26 to 27
102-9	Supply chain	6 to 7
102-10	Significant changes to the organisation and its supply chain	No significant changes
102-11	Precautionary Principle or approach	48 to 49
102-12	External initiatives/charters	33
102-13	Membership of associations	33
102-14	Statement from senior decision-maker	4 to 5
102-16	Values, principles, standards, and norms of behaviour	2
102-18	Governance structure	22
102-40	List of stakeholder groups	23
102-41	Collective bargaining agreements	27
102-42	Identifying and selecting stakeholders	23
102-43	Approach to stakeholder engagement	23
102-44	Key topics and concerns raised	23
102-45	Entities included in the consolidated financial statements	82 to 83
102-46	Defining report content and topic boundaries	22
102-47	List of material topics	24
102-48	Restatements of information	No restatements
102-49	Changes in reporting	No changes in reporting
102-50	Reporting period	22
102-51	Date of most recent report	April 2021
102-52	Reporting cycle	22
102-53	Contact point for questions regarding the report	22
102-54	Claims of reporting in accordance with the GRI Standards	22
102-55	GRI content index	34 to 35
102-56	External assurance	22

SUSTAINABILITY REPORT

Disclosure Number	Disclosure Title	Reference page/remarks
SPECIFIC DISCLOSURES		
GRI Standard: Anti-corruption		
103-1/2/3	Management Approach	33
205-2	Communication and training about anti-corruption policies and procedures	33
205-3	Confirmed incidents of corruption and action taken	33
GRI Standard: Energy		
103-1/2/3	Management Approach	25
302-3	Energy Intensity	26
GRI Standard: Occupational health and safety		
103-1/2/3	Management Approach	28
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	28
GRI Standard: Training and education		
103-1/2/3	Management Approach	27
404-1	Average hours of training per year per employee	27
GRI Standard: Local Communities		
103-1/2/3	Management Approach	32
413-1	Operations with local community engagement, impact assessments, and development programs.	33
GRI Standard: Customer health and safety		
103-1/2/3	Management Approach	32
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	32
GRI Standard: Marketing and Labeling		
103-1/2/3	Management Approach	30
417-2	Incidents of non-compliance concerning product and service information and labeling.	30
GRI Standard: Customer Privacy		
103-1/2/3	Management Approach	30
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	31

CORPORATE GOVERNANCE REPORT

Isetan is committed to achieving high standards of corporate governance. Key corporate governance practices and processes are set out in this report. This report is in compliance with the continuing obligations stipulated under Chapter 7 of the Singapore Exchange Securities Trading Limited ("SGX-ST") Listing Manual.

Isetan endeavors to adhere to all the principles and provisions of the Singapore Code of Corporate Governance 2018 (the "Code"). For the Financial Year ended 31 December 2021, save as stated otherwise in this Report, Isetan has complied in all material aspects with the principles of the Code. Where there are variations from any of the provisions of the Code, an explanation has been provided within this Report, which includes the reason for the variation, as well as the practices adopted to be consistent with the intent and philosophy of the relevant principle in question.

The details of the Board and the various committees are disclosed in the section on the Board of Directors. In addition, the particulars of the directors are also disclosed in the same section.

BOARD MATTERS

Board of Directors (as at 31 December 2021)

No.	Name of Director	Date first appointed	Date last re-elected	Executive/ Non-executive	Independent/ Non-independent
1	Satoru Tanaka (Chairman)	21 May 2021	–	Non-executive	Non-independent
2	Koji Oyama (Managing Director)	1 May 2020	19 June 2020	Executive	Non-independent
3	Victor Yeo Chuan Seng (Lead Independent Director)	1 July 2015	19 June 2020	Non-executive	Independent
4	Lim Bee Choo (Independent Director)	1 July 2012	28 April 2021	Non-executive	Independent
5	Richard Tan Chuan-Lye (Independent Director)	1 February 2019	28 April 2021	Non-executive	Independent

COMMITTEES (as at 31 December 2021)

Name	**Nominating Committee ("NC")**	**Remuneration Committee ("RC")**	**Audit & Risk Committee ("ARC")**	**Executive Committee ("Exco")**
Victor Yeo Chuan Seng (Lead Independent Director)	Chairman	Member	Member	–
Lim Bee Choo (Independent Director)	Member	Chairman	Member	–
Richard Tan Chuan-Lye (Independent Director)	Member	Member	Chairman	–
Koji Oyama (Managing Director)	–	–	–	Chairman
Ei Kanefuji (General Manager – Sales and Merchandising)	–	–	–	Member
Goh Kim Wan (Assistant General Manager – Finance and IS)	–	–	–	Member
Loh Kah Leong (Assistant General Manager – Operations)	–	–	–	Member

CORPORATE GOVERNANCE REPORT

Principle 1: The Board's Conduct of its affairs

The main role and responsibility of the Board of Isetan is to oversee the business affairs of the Company. The key matters for the Board's overview and supervision include approving broad policies, strategies and objectives of the Company, monitoring management performance, approving annual budgets and major funding, investment and divestment proposals. The Board also assumes responsibility for corporate governance and risk management. The Board recognises that the Company's stakeholders include not just its shareholders but also its customers, employees, business partners and the community at large. The Board takes into account and balances the interests of all of the Company's stakeholders in what it considers to be in the best interests of the Company as a whole. The Board is also instrumental in setting the Company's values to align them with the Company's long-term strategy and mission. Sustainability issues are important considerations when the Board decides business and strategic matters. The relevant sustainability concerns like energy consumption and emissions, customer and workplace health and safety and corporate social responsibility are covered in the Sustainability Report.

The Company's management has been authorised to make decisions and enter into transactions relating to the ordinary course of business of the Company. Matters which are specifically referred to the Board for approval include:

(a) remuneration framework of all Board members;

(b) remuneration framework and packages of all key executives;

(c) matters involving a conflict of interest for a substantial shareholder or director;

(d) share issuances, dividends and other returns to shareholders;

(e) matters which require Board's approval as specified under the Company's interested person transaction policy;

(f) corporate restructuring, including mergers and acquisitions;

(g) major investments, divestments, acquisitions and disposal of assets; and

(h) release of the Company's financial results.

Securities Directive

The Board has required internal directives to be issued with regard to shares trading. These directives, including prohibitions on insider trading, have been made known to all directors and employees. The guidelines specifically prohibit trading in the Company's shares on short term considerations, when in possession of price-sensitive information as well as during the period commencing two weeks before the announcement of the Company's financial statements for the first half of its financial year, and one month before the announcement of the financial statements for the full year. The Human Resource Department and Corporate Affairs Department send regular reminders of the directive to all staff and directors, respectively.

To assist in the execution of its responsibilities, the Board has established three Board committees, namely, the NC, the ARC and the RC. In addition, there is an Executive Committee (Exco) comprising the Managing Director and three members of senior management. The Exco aims to facilitate and expedite corporate processes, and also oversees the operational aspects of the Company, including the review and the making of recommendations to the Board on the strategic direction of the Company. The terms of reference of Board committees are reviewed on a regular basis and are in line with the Code. The various roles of the Board committees are set out separately in this report.

The full Board met five times during the year. In addition, the Exco meets regularly and have met fifty-two times in 2021. In view of the Covid-19 pandemic, all the Board and Board Committee meetings this year were held via video conferencing. The record of the directors' attendance at the Annual General Meeting, Board and respective committee meetings during the financial year ended 31 December 2021 is set out below.

CORPORATE GOVERNANCE REPORT

Directors' Attendance at Annual General Meeting (AGM), Board and other committee meetings

		No. of meetings (for the period from 01/01/2021 to 31/12/2021)											
		AGM		Board		Exco		NC		RC		ARC	
	Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
1	Satoru Tanaka (Chairman) (appointed on 21 May 2021)	1	–	5	3	–	–	–	–	–	–	–	–
2	Koji Oyama (Managing Director)	1	1	5	5	52	51	–	–	–	–	–	–
3	Victor Yeo Chuan Seng (Lead Independent Director)	1	1	5	5	–	–	1	1	1	1	4	4
4	Lim Bee Choo (Independent Director)	1	1	5	5	–	–	1	1	1	1	4	4
5	Richard Tan Chuan-Lye (Independent Director)	1	1	5	5	–	–	1	1	1	1	4	4
6	Toyohiko Tanaka (stepped down on 21 May 2021)	1	1	5	2								

Separately, a temporary board committee comprising the Independent Directors and the Managing Director was established during the year to oversee an exercise involving the assessment of market interest in the possible purchase of the Company's investment property at Wisma Atria. The committee worked closely with the management team and held thirteen meetings throughout the exercise.

The independent directors have met three times during the course of the year without the presence of the management. Relevant matters that arise from these discussions are highlighted at board meetings for the full Board's attention and consideration.

All directors have been provided with a copy of the Company's Corporate Governance Policies Manual which serves as a guide to the Company's governance practices and policies. All directors are to objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company and to hold Management accountable for performance. The Board has put in place a Code of Conduct applicable to all employees. It sets out the principles to guide employees when they interface with (i) the Community, Society and Environment, (ii) Customers and business partners and (iii) Co-workers. Any alleged violation of this Code will be investigated by the Management and if an employee is found to have breached the Code, he/she will be disciplined accordingly. Any cases involving the violation of the Code are brought to the attention of the Board. All directors are required to declare any conflict of interests on an annual basis and abstain from participating in discussions or decision-making that involve the issues of conflict unless called upon to do so.

In addition, the Company has orientation programmes to ensure that incoming directors are familiar with the Company's business, structure and governance practices. In recognition that directors require appropriate on-going training, the Company has encouraged all directors to sign up as members of the Singapore Institute of Directors ("SID") and to participate in its courses and training provided by other parties, funded by the Company. Briefings are organised from time to time to update directors and, in particular, the ARC on developments of the laws and regulations relevant to the Company and its business. Various members of the Board also attend professional development courses conducted by the SID, accounting firms or other professional bodies. In this regard and as required by the Exchange, the Managing Director ("MD") who was appointed in May 2020 has attended the remaining mandatory module conducted by SID via video conference in 2021. The Chairman, who was appointed in May 2021 and whose native language is Japanese, has attended a tailored training arranged by the Company to familiarise himself with relevant laws and regulations specific to Singapore, board dynamics and stakeholder engagement, amongst other things.

Management provides the Board with complete and adequate information in a timely manner to allow the directors to fulfill their duties properly. The Board has a procedure for directors, after consultation with the Chairman of the Board or the MD, to seek independent professional advice funded by the Company in the furtherance of their duties. The Board also has separate and independent access to the Company's senior management and the Company Secretary. The Company Secretary attends all Board meetings and is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with.

The Board decides on the appointment and the removal of the Company Secretary.

CORPORATE GOVERNANCE REPORT

Principle 3: Chairman and Managing Director

The Chairman and MD are different persons with different roles and the Board will endeavor to maintain this division of responsibilities to ensure an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision-making. The division of responsibilities between the Chairman and MD are clearly established, set out in writing and approved by the Board. The Chairman and the MD are not related.

The MD is the most senior executive in the Company and bears executive responsibility for the Company's business, while the Chairman is non-executive and bears responsibility for Board proceedings.

The key roles and responsibilities of the Chairman with regard to Board proceedings include the scheduling of meetings and preparation of the meeting agenda with assistance from the Company Secretary, in consultation with the MD prior to the meeting. He assumes responsibility for ensuring that the directors are provided with accurate, adequate and timely information so that they may fulfil their responsibilities.

The Chairman's responsibilities also include ensuring effective communication with shareholders, encouraging constructive relations between the Board and management, as well as that between executive and non-executive directors. The Chairman also has an oversight role in ensuring compliance with the Company's guidelines on corporate governance and risk management.

As the Chairman is non-independent and in accordance with the Code, Mr. Yeo Chuan Seng Victor has assumed the role of lead independent director since 30 June 2019. The Lead Independent Director, is available to shareholders at the following e-mail address: Victor.Yeo@isetan.com.sg should they have concerns and for situations in which contact through the normal channels of the Chairman, MD or Senior Management (who assumes the role of the Chief Financial Officer ("CFO")*) have failed to resolve the issue or are inappropriate.

(*The Assistant General Manager (Finance and IS) together with the Acting Head of the Finance Department assume the role of the CFO).

Principle 2: Board Composition and Guidance
Principle 4: Board Membership

As at 31 December 2021, the Board consists of five directors, four of whom are non-executive. As the Chairman is not independent, the independent directors (consisting of three directors) make up a majority of the Board.

Pursuant to Article 6 of the Company's Constitution, one-third of the Directors for the time being, except an MD or, if their number is not three (3) or a multiple of three (3), then the number nearest one-third, shall retire from office at the Company's Annual General Meeting held each year. Such retiring directors are eligible for re-nomination and re-election. However, as Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited now requires all directors to submit themselves for re-nomination and re-appointment at least once every three years, the MD will no longer be exempt from the process of retirement and re-election of directors.

Board Diversity

Isetan has a board diversity policy that reflects that Isetan values and embraces diversity. We believe that by doing so, Isetan can leverage on the diversity of thoughts, perspectives, skillsets and experiences that comes from people with diverse industry experience, age, ethnicity, race, and gender. This, in turn helps to drive business success and facilitates quality and balanced decisions, and more effective corporate governance practices.

The NC is responsible for reviewing the size and composition of the Board and making recommendations to the Board on appropriately qualified persons to occupy Board positions. While candidates will be evaluated based on merit in the selection process, the NC will also consider the benefits of all aspects of diversity, including the attributes mentioned above.

The Board considers gender as an important aspect of diversity and will strive to ensure that there is adequate gender representation on the Board whenever a new Director is being appointed. The Company endeavours to have both women and men represented on its Board. The NC will also ensure that candidates are not discriminated against on grounds such as race, religion, marital status and physical attributes, which do not speak for a person's ability to perform as a Board member. The Company also strives to have Board members with different skillsets, experience, industry and professional qualifications.

CORPORATE GOVERNANCE REPORT

In line with the Company's Board Diversity Policy, the Board presently comprises individuals who, as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the Company. The current Board is made up of five directors. Our Chairman, Mr. Satoru Tanaka, has more than thirty years of experience in retail operations and has assumed various leadership roles in the Holding Company prior to his present appointment. Similarly, our Managing Director, Mr. Koji Oyama, has extensive experience in retail and has held senior positions both in the Holding Company and its Malaysian subsidiary prior to his present appointment. As for our independent directors, in addition to their individual professional expertise in accounting, human capital management and law, they also have experience relating to the retail industry as well as risk management, finance, governance and general management. Both genders are represented on the Board.

The NC is of the view that the current size of the Board is appropriate in relation to the scope and nature of the Company's operations. The Board will continue to review the size of the Board and its composition on an ongoing basis. To provide a more effective check on management, the independent directors meet without the presence of the management to discuss matters pertaining to the Company and provide their feedback to the full Board as necessary. They also provide their own views, opinions and judgements as well as challenge management with respect to business proposals, strategies and other matters brought to their attention. The NC is established by the Board to recommend the appointment/nomination and re-appointment of all directors to the Board.

The NC comprises of the three independent directors. The Lead Independent Director is also the Chairman of the NC.

Under the terms of reference for the NC as approved by the Board, the roles and responsibilities of the NC include the following:

- Review and make recommendations to the Board on the succession plans for directors and Key Management Personnel;
- Review the appointment and reappointment of directors;
- Recommend the process and criteria for evaluation of the performance of the Board, Board Committees and individual directors;
- Review of training and development programs for the Board and its directors;
- Determine the independence of directors; and
- Assess a director's ability in carrying out his/her duties as a director of the Company.

The NC reviews and makes recommendations to the Board on the succession plans for directors and key management personnel. As Isetan (Singapore) Limited is a subsidiary of the immediate Holding Company, our Chairman and Executive Director are recommended for appointment by the Holding Company with input from the NC on the candidate's suitability, taking into consideration the candidate's skills, background, qualifications and work experience. For the Independent Directors, the NC adopts a formal and transparent process of reviewing nominations of directors for appointment to the Board and Board committees. The NC will first identify suitable candidates for Board membership using appropriate means, which may include recommendations from current Board members, external searches by search firms or the SID and other referrals. The criteria for evaluating the potential candidates include:

(a) skills, background, qualifications and work experience;

(b) the type of capabilities or qualities that are needed to complement the core competencies of the existing Board members;

(c) the level of commitment in terms of time and effort in order to fulfill the director's obligations; and

(d) the candidate's adaptability towards the culture of the Company and the decision-making process of the Company and Board.

The evaluation includes an interview with the intended candidate(s) to ascertain their suitability. The NC then recommends the suitable candidate(s) to the Board for appointment as a Director.

The Company has in place a process to groom future potential candidates within the Company to assume key management positions. The process includes promoting and rotating the candidates across various departments and may also include short-term training to gain exposure.

CORPORATE GOVERNANCE REPORT

The NC reviews and makes recommendations to the Board on whether or not retiring directors should be nominated for re-election. In making its recommendations, the NC reviews and takes into account the past performance and commitment of the retiring director, the director's contributions towards the efficacy of the Board as well as the type of capabilities or qualities that are needed for the Board as a whole at the time of the director's retirement and re-election.

The NC makes recommendations to the Board on the process and criteria for the evaluation of the Board, its committees and its directors. This is further elaborated under Principle 5 (Board Performance) below.

In recognition that the directors require appropriate ongoing training, the NC reviews the training and development programme for the Board at the beginning of each financial year.

The NC assesses the independence of the directors to ensure the independent directors are independent from the Company, its related corporations, its substantial shareholders (namely, 5% shareholders) or its officers that could interfere, or be reasonably perceived to interfere, with the exercise if the director's independent business judgement. The NC is of the opinion that the directors who have been classified as independent are indeed independent. The NC requires all the independent directors to confirm their independence and their relationships with other directors, management and substantial shareholders of the Company by a declaration in writing annually. These declarations are subsequently reviewed and discussed by the NC before the NC confirms their independence.

The NC assesses a director's ability and his/her performance in carrying out his/her duties as a director of the Company.

The NC and the Board are of the opinion that there are to be no directors who have multiple Board representations or other appointments which will affect his/her ability to carry out his/her duty as a director of the Company. As there are directors who have more than one board representation and/or other principal commitments, guidelines have been drawn up to address the competing time commitments of these directors. The guidelines have taken into account all relevant factors that may have an impact on the director's contributions and performance which includes the individual director's attendance record at Board and Committee meetings, travelling commitments and the size, scope and complexity of the business activities and operations of the companies or organisation in which he or she is a board member or has principal commitments. In the course of the annual review, all independent directors have declared to the Company in writing all of their current principal commitments as well as signed an undertaking that they will continue to devote sufficient time, effort and attention to the business and affairs of the Company for the upcoming financial year. The individual director also explains and justifies to the NC how he/she intends to set aside the time and resources to discharge his/her duties to the Company, especially if he/she is in full-time employment elsewhere. In addition to this process, the Board has also determined that the maximum number of listed company board representations that any executive director may hold is to be three while the number any non-executive director may hold is to be five.

The Company does not have any alternate directors.

A summary table showing the directors who are executive or non-executive as well as independent or non-independent is shown on page 36. Members of the ARC, NC, RC and Exco are also shown on the same page. All the directorships and chairmanships in listed companies held by the directors, both current and those held over the preceding three years, are shown on pages 11 to 14.

Principle 5: Board Performance

Under the terms of reference for the NC as approved by the Board, the NC has adopted a system for assessing the effectiveness of the Board as a whole and its Board committees as well as the contribution of each director to the effectiveness of the Board. The NC has implemented a process to allow for peer assessment of each director on the Board to assess the director's contributions to the effectiveness of the Board and Board committees, where applicable. This evaluation process includes sending each director the relevant questionnaires for completion. The responses are collated, analysed, and summarised by the independent, external Company Secretary, so as to encourage frank and open feedback and discourse. The responses are then discussed by the NC for recommendations to be made to the Board. Having regarded the size of the Board, the Board has decided that the appointment of an external facilitator is not necessary.

The NC assesses and recommends objective performance criteria to the Board for its approval and these performance criteria are unlikely to be altered unless the circumstances render it necessary, in which event the Board will furnish its reasons for so doing. The assessments are done on an annual basis. Some of the performance criteria for the Board assessment process include the appropriate size and composition of the Board, the effectiveness of the decision-making process, access to information by directors, the accountability of the Board members, oversight over and management of the MD and Management and directors' standard of conduct. Some of the performance criteria for the Board Committees include the frequency and attendance of meetings, the appropriate size of the committees and the skills, experience and resources to undertake duties. Some of the performance criteria for the individual director assessment process include attendance at Board and Committee meetings, adequacy of preparation and contributions in various areas of expertise. The Board has assessed that the Board, its committees and individual directors have met their respective performance objectives.

CORPORATE GOVERNANCE REPORT

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies
Principle 7: Level & Mix of Remuneration
Principle 8: Disclosure on Remuneration

The RC comprises three independent non-executive directors.

Under the terms of reference of the RC as approved by the Board, the roles and responsibilities of the RC include reviewing and making recommendations to the Board on the following:

- a framework for remuneration for the Board and key management personnel; and
- the specific remuneration packages for each director as well as for the key management personnel.

The RC has access to advice from the internal human resource department, and if required, the RC will have access to external advice. In 2021, no external advice was obtained.

The RC regularly reviews the remuneration framework and specific remuneration packages for the directors and key management personnel in conjunction with market studies and benchmarking exercises with industry peers, where appropriate. The RC considers all aspects of remuneration to ensure they are fair. After such reviews, the RC makes recommendations to the Board.

The Company has in place remuneration packages for local Executive Directors and Key Executives which are linked to the performances of both the Company and each individual. The variable component of remuneration for Executive Directors takes the form of an annual variable bonus while the rest of management follow the annual variable bonus and a monthly sales incentive payment scheme. The annual bonus for Executive Directors and Management are dependent on pre-set targets in terms of Sales and Profit of the Company.

Having regarded the design of the Company's performance incentive schemes, the Board is of the opinion that a claw-back mechanism in the incentive scheme is not appropriate.

The Company operates a retirement benefit scheme for its employees*, including executive directors and key management personnel who are eligible for it (*the scheme has not been extended to new employees joining the company with effect from May 2018). Further information is disclosed in the Notes to the accounts under item 24. Apart from this, the Company currently does not have any other long-term incentive scheme for the purpose of rewarding and retaining key appointment holders.

The RC has reviewed the service contracts or employment letters relating to the relevant executive director and key management personnel and has not found any onerous payment clauses in the event of any termination. The Company also does not have an employee share scheme. As such, no employees have been granted shares or options pursuant to an employee share scheme. Given the current challenging market conditions, the Board remains committed to a remuneration structure that aligns with the interests of the shareholders and other stakeholders and is beneficial to the long-term success of the Company.

The RC recommends to the Board a formal and transparent process for determining the remuneration packages of individual non-executive directors.

For the current financial year, independent directors will, subject to shareholders' approval, receive only directors' fees. The RC will continue to assess and recommend independent directors' fees that are appropriate to the level of their contributions and submit its recommendations to the Board for its endorsement. The Board will then recommend the proposal for the remuneration of the independent directors for approval at a shareholders' meeting. Details of fees for the Company's independent directors are in the table below. The non-independent non-executive director who is the Chairman of the Board will not be paid directors' fees for the current financial year.

Annual fees (for 2021)	Victor Yeo Chuan Seng	Lim Bee Choo	Richard Tan Chuan-Lye
	$	$	$
Chairmanship (NC/RC/ARC)	10,000	10,000	18,000
ARC member	9,000	9,000	–
NC member	–	5,000	5,000
RC member	5,000	–	5,000
Basic Fee	28,900	28,900	28,900
Total	52,900	52,900	56,900

CORPORATE GOVERNANCE REPORT

The breakdown of directors' remuneration (in percentage terms) for the period from 1/1/2021 to 31/12/2021 and the remuneration bands of directors and key executives for the period from 1/1/2021 to 31/12/2021 are set out in the Note (e) under "Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual". The annual aggregate of the remuneration paid to the top five key management personnel (who are not directors or managing director) for FY2021 is $686,480. It is further described on page 42 of the annual report that the Company does not have an employee share scheme but operates a retirement benefit scheme* for its employees, including executive directors and key executives who are eligible for it (*the scheme has not been extended to new employees joining the Company with effect from May 2018). Apart from this, the Company currently does not have any other long-term incentive scheme.

The information on remuneration disclosed above provides investors with insights as to the remuneration policies, procedure of setting remuneration and the relationships between remuneration, performance and value creation. The Company is not disclosing the exact remuneration of its managing director and top five key executives in view of the industry's competition for talent as well as the confidentiality and sensitivity of staff remuneration matters. Disclosure of such information will put the Company in an unfavorable position in its efforts to attract, retain and nurture its talent pool. Notwithstanding this, the Company is of the view that the intent of Principle 8 of the Code is met as the remuneration policies, relationships between remuneration, performance and value creation and procedure for setting remuneration applicable to the executive directors are described above, and the level and mix of remuneration has been disclosed in the Annual Report.

There are no employees who are substantial shareholders of the Company, or are immediate family members of a director, the MD or the substantial shareholders.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls
Principle 10: Audit Committee

In the pursuit of the Company's strategic objectives and value creation, the Board addresses and decides on the nature and extent of any significant risks which the Company has to take. The Board also ensures that Management maintains a sound system of risk management and internal controls in order to safeguard the interests of the Company and its shareholders. The ARC was reconstituted on 1 September 2013 when the risk oversight function was incorporated into the Audit Committee's responsibilities. To assist the ARC, the Risk Management Senior Manager coordinates the overall risk framework of the Company and ensures the key risks are managed properly by the relevant departments. The ARC comprises three independent non-executive directors. The Board is of the opinion that at least two members of the ARC (including the Chairman) have sufficient accounting or related financial management expertise or experience to discharge its responsibilities. The Company adheres to the Code's guideline where a former partner or director of its existing auditing firm or auditing corporation should not act as a member of the company's ARC: (a) within a period of two years commencing on the date of their ceasing to be a partner or director of the auditing firm; and in any case (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The external auditor also updates the ARC periodically on the latest and upcoming changes to accounting standards and issues. In addition, the ARC members also attended professional development events organised by the SID and other organisations.

The ARC has been conferred explicit authority to investigate any matter within its terms of reference, full access to and co-operation by management, full discretion to invite any director or management staff to attend its meetings, and reasonable resources to enable it to discharge its functions properly.

Under the terms of reference for the ARC as approved by the Board and in accordance with Section 201B(5) of the Singapore Companies Act, the key roles and responsibilities of the ARC include the following:

- reviewing with the external auditors, the audit plan, the evaluation of the internal accounting controls, audit reports and any matters which the external auditors wish to discuss in the absence of management;
- reviewing with the internal auditors, the scope and the results of internal audit procedures and their evaluation of the overall internal control systems;
- reviewing the adequacy, effectiveness and independence of the Company's external and internal auditors;
- approving the appointment, reappointment and removal of the Company's external and internal auditors and approving their remuneration and terms of engagement;

CORPORATE GOVERNANCE REPORT

- reviewing the adequacy and effectiveness of the Company's internal controls and risk management systems at least annually, including financial, operational, compliance and information technology controls, and risk management policies and systems established by the management;
- overseeing the new or emerging risks due to the Covid-19 pandemic, and the appropriate response measures;
- reviewing the relevant assurances from the MD and Senior Management who assumes the role of CFO, and Risk Management Senior Manager on the financial records, financial statements and the adequacy and effectiveness of the risk management and internal control systems of the Company;
- making recommendations to the Board on: (i) the proposals to the shareholders on the appointment and removal of external auditors; and (ii) the remuneration and terms of engagement of the external auditors;
- reviewing arrangements by which staff of the Company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters;
- reviewing any significant findings of internal investigations and management response;
- reviewing interested person transactions to ensure that internal control procedures are adhered to;
- reviewing the significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Company and any formal announcements relating to the Company's financial performance e.g. half-yearly and annual financial statements, including announcements to SGX-ST prior to submission to the Board; and
- reporting actions and minutes of the ARC meetings to the Board of Directors with such recommendations as the ARC considers appropriate.

The ARC met four times during the year in review. The Company Secretary, the Company's external and internal auditors and the management team responsible for finance and risk management attended the meetings. Wherever necessary, other members of the management team were invited to attend the ARC meetings.

The ARC reviews and recommends to the Board the release of half-year and full year financial statements. Following the amendments to Rule 705(2) of the Listing Manual of Singapore Exchange Securities Trading Limited which took effect on 7 February 2020, the Company will not be required to announce its financial statements on a quarterly basis. Accordingly, the Company will only announce its unaudited financial statements for the half and full financial year by the respective deadlines and also release full year audited financial statements. In the process, it also reviews the key areas of management to which judgement is applied for adequate provisioning and disclosure, critical accounting policies and any significant changes made that would have a great impact on the financial statements. It also considers and approves the Audit Strategy Memorandum prepared by the external auditors and the Internal Audit Plan prepared by the internal auditors, and reviews the scope and results of both external and internal audits.

Financial Matters

In its review of the financial statements, the ARC has discussed with management the accounting principles that were applied and its judgement of items that might affect the integrity of the financial statements. The following significant matter impacting the financial statements were reviewed by the ARC and discussed with the management and the external auditor for FY2021:

Significant Matter	How the Audit and Risk Committee reviewed this matter
Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets	The ARC has considered the appropriateness of the approach and methodology applied to derive the recoverable amount of the asset which is determined based on the value-in-use ("VIU") for the cash-generating-unit ("CGU") (i.e. retail store) to which the assets belong. The ARC also considered and is satisfied with the reasonableness of management's judgement and assumptions used in determining the discount rate, sales growth rates and rental income assumptions used in VIU computations and forming the accounting estimates underpinning the assessment of the recoverable amount of the CGU. The ARC was periodically briefed by the management on the factors affecting the recoverable amount of the CGU, including business strategies of the retail stores, the market trends and the level of estimation uncertainty arising from uncertain market and economic conditions as a result of the ongoing COVID-19 pandemic. The assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets was also an area of focus for the External Auditor. The External Auditor has included this item as a key audit matter in its audit report for FY2021 on page 53 and 54 of the Annual Report.

CORPORATE GOVERNANCE REPORT

The ARC also met up with the external auditors in the absence of management, at least once annually. In addition, in some of the other meetings with auditors, the ARC has invited the presence of management to assist in its frank deliberations. The ARC has received confirmation from the external auditors that they have received full assistance from the officers of the Company in the course of their audit.

The ARC has nominated PricewaterhouseCoopers LLP for re-appointment as auditors of the Company at the forthcoming Annual General Meeting. The ARC has reviewed the amount of non-audit fees paid to the auditors and is of the opinion that it will not affect the independence of the auditors. The aggregate amount of fees paid to the independent auditor of the Company during the financial year, the breakdown of the fees paid in total for audit and non-audit services respectively and the independent review process are disclosed under (f) and (i) of the "Additional Disclosure Requirements of the Singapore Exchange Securities Trading Listing Manual".

The ARC met up with the internal auditors in the absence of management, at least once annually. The ARC has received confirmation from the internal auditors that they have received full assistance from the management of the Company in the course of their work. The internal audit function is carried out by KPMG Services Pte Ltd, whose primary line of reporting is to the Chairman of the ARC. The ARC has ensured that the internal audit function is adequately resourced and has staff with the relevant qualifications and experience. The ARC also reviews the adequacy of the internal audit function at least once a year. The internal audit plan and scope of work are prepared in consultation with, but independent of, management and submitted to and approved by the ARC. The internal auditors assist the ARC in assessing the Company's risk management, controls and governance processes, and the reports of the internal auditors are distributed to the ARC and discussed at the ARC meetings. The internal auditors have confirmed to the ARC that their work has met the standards set by The Institute of Internal Auditors. The ARC has ensured that the internal audit function is independent, effective and adequately resourced, and has staff with the relevant qualifications and experience.

As part of their statutory audit, the Company's external auditors review the Company's material internal controls relevant to financial reporting in order to design audit procedures that are appropriate to the circumstances. Any material non-compliance and internal control weaknesses identified by both the external and internal auditors are reported to the ARC, together with the recommendations to address them. The Company's management follows up on these recommendations as part of their role in reviewing the Company's internal control systems. The ARC also reviews the effectiveness of the actions taken by management on the recommendations made in this respect. To ensure an adequate and effective system of risk management and internal controls, periodic assessments of enterprise-wide risks are carried out by management and reported to the ARC. Subsequently, a risk-based internal audit plan is formulated by the internal auditors where the current controls for the key risks are identified, and action plans developed to address any gaps and weaknesses in the controls. In view of the ongoing Covid-19 pandemic, the Company continues to focus on heightened risks in the areas of cybersecurity, health and safety, financial and investment risks. Internal controls and additional action plans are reviewed and updated at least on an ongoing basis to ensure that they are adequate and effective.

The Board has also received the relevant written assurances from the MD and Senior Management (who assumes the role of CFO) and Risk Management Senior Manager that (a) the financial records of the Company have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances, and (b) the Company's risk management and internal control systems are adequate and effective.

Based on the work carried out by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, the written assurances from the MD and Senior Management that the existing management controls are in place, the ARC and the Board are of the view that the internal controls including financial, operational, compliance and information technology controls, and the risk management systems are adequate and effective as at 31 December 2021. The Board, together with the ARC and management, will continue to enhance and improve the existing internal control and risk management frameworks to identify and mitigate these risks. In particular, as the Company is scaling up its E-commerce business, we will continue to strengthen the internal controls relating to this area, especially over its cybersecurity.

The system of internal controls and risk management established by the Company (as further elaborated on pages 48 and 49, Risk Management Policies and Processes) is designed to manage, rather than eliminate, the risk of failure in achieving the Company's strategic objectives. It should be recognised that such systems are designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

CORPORATE GOVERNANCE REPORT

Whistle-blowing Policy

The Company has put in place a "whistle-blowing" policy whereby staff of the Company can raise concerns about possible improprieties in matters of financial reporting or other matters through a well-defined and accessible channel within the Company. The objective of the policy is to encourage the reporting of such matters in good faith, while providing the assurance that the identity of the staff making such reports will be kept confidential and the staff fairly treated. The "whistle-blowing" policy is communicated to all staff during the orientation for new staff and via the Staff Handbook. Procedures have been established to ensure that such matters are promptly investigated, appropriate follow-up actions taken by management and results reported to the ARC and Board of Directors. In addition, all staff have been informed of the contact details of the ARC members so that they may report their concerns directly to the ARC. The Company and/or the ARC will also investigate anonymous complaints but the matters may not be satisfactorily resolved/or the results conclusive until the complainant is able to come forward and offer his/her assistance.

Where a whistle-blowing case warrants immediate attention, it will be investigated promptly and reported to senior management as well as the ARC. If there are no whistle-blowing cases, a negative confirmation is conveyed by the management to the ARC on a quarterly basis.

The Board is accountable to the shareholders while management is accountable to the Board and provides the necessary information needed by the Board on a timely basis so that it can effectively discharge its duties. In addition, the management provides management accounts to the directors on a monthly basis. Management also provides the Board with information regarding the Company's performance against its annual budget.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

Shareholders have been given the opportunity to participate and vote in shareholders' meetings. They are invited to pose questions relating to the resolutions of the General Meetings. If any shareholder is unable to attend, he/she is allowed to appoint up to two proxies to vote on his/her behalf at the meeting through proxy forms sent in advance. Relevant intermediaries may appoint more than two proxies. As the authentication of shareholder identity and other related security and integrity of the information still remain a concern, the Company has decided not to allow voting in absentia by mail, e-mail or facsimile. The Chairman, the Board of Directors and members of the senior management team attend the shareholders' meetings to address questions and obtain feedback from shareholders. The external auditors are also present to address queries about the conduct of the external audit and the preparation and content of the auditor's report. The Company tables separate resolutions at general meetings of shareholders on each substantially separate issue unless issues are interdependent and linked so as to form one significant proposal. Where the resolutions are "bundled", the Company explains the reasons and material implications in the notice of meeting. Under normal circumstances where face-to-face general meetings are allowed, all resolutions at the meetings will be voted on by poll and shareholders will be briefed on the voting procedures and rules prior to the commencement of the meeting. A polling agent will be appointed to count the votes at the AGM and a scrutineer will then validate the votes counted before the detailed results for each resolution are announced and screened at the meeting as well as announced on SGXNET on the same day. Minutes of general meetings are prepared to include the salient and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and management. The Company publishes the minutes of general meetings of shareholders on its corporate website within a month after they have occurred.

Temporary measures in response to Covid-19 pandemic

In view of the Covid-19 situation and the related safe management measures, the holding of the Annual General Meeting ("AGM") via electronic means has become the temporary practice as companies have been allowed to do so by the relevant authorities and Exchange. A member must also appoint the Chairman of the AGM as his/her/its proxy to attend, speak and vote on his/her/its behalf at the AGM if said member wishes to exercise his/her/its voting rights at the AGM. Members may submit any questions that they wish for the Company to consider addressing by posting or emailing to the Company's mailing address or email address accordingly. Alternatively, members may pose their questions in the audio-visual webcast or audio-only broadcast pre-registration link. The Company will adhere to the Exchange's regulations released on 16 December 2021 regarding the timelines allowed for shareholders to pose questions and companies to respond. This will allow shareholders the benefit of the Company's responses to their questions before casting their votes on important resolutions.

CORPORATE GOVERNANCE REPORT

The Company does not set quantitative parameters for dividend payout. The Company's dividend policy is to provide our shareholders with a stable annual dividend that takes into account the Company's performance as well as the resources needed to secure its future success and well-being. In view of the Company making a profit for the year ended 31 December 2021, the Board has proposed a final dividend of 3 cents per ordinary share. The proposed dividend will be subject to shareholders' approval at the forthcoming Annual General Meeting.

Principle 12: Engagement with Shareholders

The Company has an Investor Relations Policy in place in order to provide shareholders with timely and accurate information in order for them to make informed investment decisions.

The Company avoids selective disclosure of information. All required regulatory announcements, public reports and reports to regulators (where relevant) are published through SGXNET.

To facilitate shareholders' ownership rights, the Company ensures that all material information is disclosed on a comprehensive, accurate and timely basis via SGXNET.

Besides the timely disclosure of pertinent information on SGXNET and at shareholders' meetings, the Company also adopts an "open door" policy of communications with shareholders where their queries that are from time to time received are brought to the attention of the Board. The Company will respond and address the queries of shareholders where appropriate.

The Company's website is www.isetan.com.sg. The Company's latest annual reports, sustainability report, financial results and code of conduct are available on the Company's website. If shareholders have any queries on investor relations, they may contact isetansin@isetan.com.sg.

MANAGING STAKEHOLDER RELATIONSHIPS

Principle 13: Engagement with Stakeholders

The Company has arrangements in place to engage and understand the needs and concerns of its material stakeholders such as customers, shareholders, employees, suppliers, tenants and the community at large. The method and frequency of engagement, the relevant topics of concern and the Company's responses are elaborated in the annual Sustainability Report of the Company.

Stakeholders may write to the Company at its corporate website or its email address as stated under Principle 12 above.

OTHER MATTERS

Conduct and Discipline

The Company has set out policies in the staff handbook to guide employees when they interface with the community, environment, customers, business partners and colleagues. All staff are also reminded of the Company's zero-tolerance stance towards bribery and corruption which is set out in the staff handbook and Company Code of Conduct.

Interested Person transactions

A report of the interested person transactions (IPT) is drawn up every quarter and submitted to the ARC and Board for review. Under the SGX Listing Rules, where any IPT requires shareholders' approval, the interested person will abstain from voting and left to disinterested shareholders to make the decision.

Details of IPT are disclosed on page 109 of this Annual Report.

RISK MANAGEMENT POLICIES AND PROCESSES

Isetan Singapore recognises the need to have an effective and adequate risk management system to safeguard shareholders' interests and the Company's assets. It has, therefore, established a framework of prudent and effective controls to address the following risk areas, namely financial, operational, compliance and information technology.

The Audit and Risk Committee (ARC) oversees the risk management framework and policies. The ARC is supported by the senior management team who ensures that key risks are properly identified, assessed, and managed. Management is also responsible for identifying and implementing the appropriate risk mitigating measures; to ensure that a sound risk management system is in place to address the key risks; and that the design of the system of internal controls is adequate and operating effectively. Management upkeeps a set of Risk Registers pertaining to the Tier 1 risks and highlights to the ARC (on a quarterly basis) any Key Risk Indicators that need further attention.

With the advice of KPMG, an annual Enterprise Risk Assessment (ERA) is carried out where the tier one enterprise risks are identified and ranked. A risk heat map is developed based on the tier one risks (covering financial, operational, compliance and information technology areas). The ERA results are presented to the ARC. Based on the ERA results and other factors, the internal audit plan for the new financial year is established. After each internal audit, a report is submitted to the ARC where the gaps and lapses are identified. The report also records management's action plans to rectify these gaps and lapses. Management is also asked to report on whether and when such rectification measures have been undertaken. The internal audit plan is discussed and approved by the ARC and the board is kept informed to ensure top level awareness.

The risk management framework is designed to address the four key areas of risks as follows:

Financial Risks

Due to its business activities, the Company is exposed to various kinds of financial risks such as market risks, credit risks and liquidity risks. The guidelines undertaken to manage such risks are further elaborated in the notes to the financial statements, under the heading of "Financial risk management".

In addition to the above, the Company also manages risks associated with accurate financial reporting. Besides the monthly review of management financial reports, regular internal reviews are also carried out to keep abreast of the latest Singapore Financial Reporting Standards (International) and other regulatory requirements. If necessary, management consults with the external auditors and legal counsel, to consider and adopt their advice on the reporting requirements.

Operational Risks

The operational risks of the business include process risks, risk from loss of assets, risks from uncontrollable events, risk arising from internal and external frauds, and risks from legal liability. As far as possible, procedures and policies have been set out to guide staff on how to execute the relevant risk controls. Staff training, and where necessary, dry runs and practical drills are carried out periodically to reinforce the understanding of some of these procedures and policies. Insurance policies have also been taken up to cover the risks arising from loss of assets, any act of fraud or dishonesty by employees performing certain functions, and legal liability.

Compliance Risks

The Company constantly monitors developments that may have an impact on its business such as changes in applicable laws and regulations, financial reporting standards, Singapore Exchange Listing rules and the Code of Corporate Governance. In addition to the professional advice from our auditors and legal counsel, the Company also takes proactive steps by sending its employees to attend relevant courses for updates.

Information Technology Risks

The risks associated with the information system include system failure due to external factors (such as power and telecommunication failure), loss of data due to hardware failure, threats from external sources (such as computer viruses and malware) and cyber security risks. To enable the usage of information necessary for the planning, executing, controlling and reviewing of the daily business operations, such risks are regularly assessed, and appropriate procedures and contingency plans are put in place to manage these risks. Policies on cybersecurity have been established and they are disseminated to relevant staff for their awareness and precautionary action. The internal and external auditors also carry out regular IT audits as part of their audit reviews.

RISK MANAGEMENT POLICIES AND PROCESSES

Responding to Crisis Situations

Having a sound system of internal controls in place does not mean that the Company can totally avoid a crisis from happening. As such, the Company has established a Business Continuity Management (BCM) framework to manage the risk of business interruption and IT system failure, deliver continuity of service to customers and staff and to ensure the safety of everybody in our premises. The framework consists of;

(1) Crisis Management Plan (CMP);

(2) Business Continuity Plan (BCP); and

(3) IT disaster recovery plan (IT DRP)

The CMP, BCP and IT DRP are made available to the relevant store managers and heads of department. They are also continuously updated to reflect any changes affecting the business (for example, a pandemic BCP has been established to guide management and staff during the ongoing Covid-19 pandemic).

Emerging Risks and New Mitigating Controls established during the COVID-19 Pandemic

In view of the ongoing COVID-19 pandemic, the Company has established new policies and procedures to cope with the new normal.

Operational

As part of the Country's collective effort to control the spread of the COVID-19 virus, the Company has placed top priority on the health and safety of our customers, staff, and partners of the Isetan Community. These measures include enhanced and increased cleansing and sanitising procedures, pre-entry scanning of contact tracing apps by customers, wearing of face masks, the provision of hand sanitisers throughout the stores and back offices, and the implementation and monitoring of safe-distancing protocols in our stores. The Company has also paid close attention to work from home guidelines issued by the Ministry of Manpower and has facilitated work from home arrangements for its staff where necessary.

Financial

With the revenue stream being impacted by the Covid-19 pandemic, the Company is keeping a close watch on its liquidity position. Measures include close monitoring, and recovery of receivables, increasing our online sales, and resuming our in-store sales activities as much as possible to mitigate the decrease in revenue. The Company is also adopting a more prudent investment policy by maintaining a higher level of liquid assets.

Information Technology

Due to remote working conditions, Company devices have been issued to access the Company's computer system. Staff have been given cybersecurity briefings, with constant reminders on cybersecurity risks on their computers. Enhanced cybersecurity measures such as end-point protection and monitoring system for deployed devices, two-factor authentication, and restriction of using non-company issued devices (e.g., thumb drives) were introduced during the year and will continue to be rolled out progressively.

The Company will continue to monitor the Covid-19 situation closely and adopt the appropriate measures to navigate through this difficult environment.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2021.

In the opinion of the directors,

(a) the financial statements as set out on pages 56 to 106 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and the financial performance, changes in equity and cash flows of the Company for the financial year and covered by the financial statements; and

(b) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

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

Mr Satoru Tanaka	(Chairman)	(appointed on 21 May 2021)
Mr Koji Oyama	(Managing Director)	
Mr Richard Tan Chuan-Lye		
Ms Lim Bee Choo		
Mr Yeo Chuan Seng Victor		

Arrangements to enable directors to acquire shares and debentures

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

Directors' interests in shares or debentures

(a) According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Holdings registered in name of director		**Holdings in which a director is deemed to have an interest**	
	At 31.12.2021	At 1.1.2021 or date of appointment, if later	**At 31.12.2021**	At 1.1.2021
The Company				
(Number of ordinary shares)				
Mr Yeo Chuan Seng Victor	**1,000**	1,000	**–**	–
Isetan Mitsukoshi Holdings Ltd				
(Number of ordinary shares)				
Mr Satoru Tanaka	**17,000**	17,000	**–**	–
(Number of restricted shares)				
Mr Satoru Tanaka	**19,700**	13,300	**–**	–

(b) The directors' interests in ordinary shares of the Company as at 21 January 2022 were the same as those as at 31 December 2021.

DIRECTORS' STATEMENT

For the financial year ended 31 December 2021

Share options

There were no options granted, including any to controlling shareholders or their associates (as defined in the Listing Manual of Singapore Exchange Securities Trading Limited), directors and employees of the parent company and its subsidiary, during the financial year to subscribe for unissued shares of the Company.

No shares have been issued during the financial year by virtue of the exercise of options to take up unissued shares of the Company.

There were no unissued shares under option in the Company at the end of the financial year.

Audit and Risk Committee

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Mr Richard Tan Chuan-Lye (Chairman)
Ms Lim Bee Choo
Mr Yeo Chuan Seng Victor

All members of the Audit and Risk Committee were independent non-executive directors.

The Audit and Risk Committee carried out its functions in accordance with Section 201B(5) of the Singapore Companies Act. In performing those functions, the Committee reviewed:

- the scope and the results of internal audit procedures with the internal auditor;
- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the results announcement for the half-year and full year; and
- the financial statements of the Company for the financial year ended 31 December 2021 before their submission to the Board of Directors, as well as the Independent Auditor's Report on the financial statements of the Company.

The Audit and Risk Committee has recommended to the Board that the independent auditor, PricewaterhouseCoopers LLP, be nominated for re-appointment at the forthcoming Annual General Meeting of the Company. The Audit and Risk Committee has conducted an annual review of non-audit services provided by the external auditors to satisfy itself that the nature and extent of such services will not prejudice their independence and objectivity before confirming their re-nomination.

Independent Auditor

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the directors

KOJI OYAMA
Director

RICHARD TAN CHUAN-LYE
Director

25 March 2022

INDEPENDENT AUDITOR'S REPORT

To the members of Isetan (Singapore) Limited

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Isetan (Singapore) Limited (the "Company") are properly drawn up in accordance with the provisions of the Companies Act 1967 ("the Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)s") so as to give a true and fair view of the financial position of the Company as at 31 December 2021 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

What we have audited

The financial statements of the Company comprise:

- the income statement for the year ended 31 December 2021;
- the statement of comprehensive income for the year then ended;
- the balance sheet as at 31 December 2021;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report.

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

Independence

We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

INDEPENDENT AUDITOR'S REPORT

To the members of Isetan (Singapore) Limited

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the financial year ended 31 December 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and ROU assets. As at 31 December 2021, the carrying values of the Company's PPE and ROU assets under the Retail segment were $23,899,000 and $20,264,000 respectively. The disclosures relating to PPE and ROU assets are included in Note 21 and Note 22 of the financial statements respectively. For the purpose of impairment testing, the recoverable amount of the asset is determined based on the higher of value-in-use ("VIU") and fair value less costs to sell ("FVLCTS"), for the cash-generating-unit ("CGU") (i.e. retail store) to which the assets belong. In the current financial year, impairment charge of $810,000 and $1,631,000 (pro-rated based on the carrying amounts of PPE and ROU assets within the respective stores) was recorded to reduce the carrying values of PPE and ROU assets in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts. The Company had determined VIU for retail stores using cash flow projections based on financial budgets prepared by management. Key assumptions used in VIU computation include the discount rate, sales growth rates and rental income assumptions. Significant judgements are used to determine the discount rate, sales growth rates and rental income assumptions used in VIU computations. The continually evolving situation due to COVID-19 pandemic during the year resulted in inherent uncertainty in the impairment assessment. In making these estimates, management has relied on past performance, and its expectations of market developments including estimates of the recovery of the retail environment in Singapore. The loss-making position of the Retail segment also triggered the need for impairment assessment of the corporate assets (mainly comprising of land and buildings) included within this segment. The fair values of these corporate assets were largely based on property valuations obtained from professional property valuers. No impairment charge was recorded on the corporate assets in the Retail segment. Key assumptions used in FVLCTS computation include selling price per square foot and capitalisation rates.	(a) We have assessed the appropriateness of management's identification of CGU and critically assessed the key assumptions used in the assessment for impairment of PPE and ROU assets. Our audit procedures included the following: ● assessed the appropriateness of the valuation model used in estimating the VIU computation; ● assessed reasonableness of key assumptions, which include the discount rate, sales growth rates and rental income assumptions, used in VIU computation; ● assessed the competency and independence of management's experts engaged to support management in the FVLCTS computation of the corporate assets; ● discussed with management and the professional property valuer used by management on the key assumptions and critical judgemental areas in the fair value computation; and ● assessed the reasonableness of key assumptions, which include capitalisation rates used in income method and selling price per square foot of market comparables used in direct comparison method. We have obtained satisfactory explanations from management and management's experts regarding the basis, methods and key assumptions used in determining the recoverable values of the assets within the Retail segment. We also considered the extent of disclosures set out in Note 3(i) of the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the members of Isetan (Singapore) Limited

Key Audit Matters (continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets (continued) The impairment testing of PPE and ROU assets is considered to be a significant risk area due to the significant judgement and assumptions applied in arriving at the estimates used in computing the recoverable values of these assets. Uncertainties arise as a result of having to consider long-term trends and market conditions and their impact on the key assumptions used. The nature of the judgement and sensitivity of the carrying amounts of PPE and ROU assets have been disclosed under Note 3(i) of the financial statements.	Based on our testing, we concluded that the methods and assumptions used were reasonable and adequate disclosures have been made in respect of the assessment for impairment of PPE and ROU assets.

Other information

Management is responsible for the other information. The other information comprises the Directors' Statement (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the other sections of the annual report ("the Other Sections"), which are expected to be made available to us after that date.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Other Sections, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions in accordance with SSAs.

Responsibilities of Management and Directors for the Financial Statements

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

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

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

INDEPENDENT AUDITOR'S REPORT

To the members of Isetan (Singapore) Limited

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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 have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Chua Lay See.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 25 March 2022

INCOME STATEMENT

For the financial year ended 31 December 2021

	Note	**2021** **$'000**	2020 $'000
Revenue	4	**85,804**	77,160
Other income	5	**6,746**	16,770
Other gains/(losses) - net			
- Impairment loss on financial assets	6	**(50)**	(1,830)
- Others	6	**188**	84
Expenses			
- Changes in inventories of finished goods		**(1,885)**	(1,275)
- Purchases of inventories and related costs		**(31,753)**	(30,348)
- Employee compensation	7	**(15,644)**	(15,343)
- Depreciation expense		**(11,853)**	(18,699)
- Rental expense	8(a)	**(1,660)**	(1,853)
- Service charge expense		**(6,940)**	(5,019)
- Interest expense	33	**(1,971)**	(2,510)
- Impairment of right-of-use assets		**(1,631)**	(17,223)
- Impairment loss on property, plant and equipment		**(810)**	(5,386)
- Other expenses	8(b)	**(16,327)**	(14,835)
Total expenses		**(90,474)**	(112,491)
Share of (loss)/profit of an associate	18	**(58)**	82
Profit/(Loss) before income tax		**2,156**	(20,225)
Income tax expense	9	**–**	–
Net profit/(loss) after tax for the financial year		**2,156**	(20,225)
Net profit/(loss) attributable to:			
Equity holders of the Company		**2,156**	(20,225)
Earnings/(Loss) per share for net profit/(loss) attributable to the equity holders of the Company (cents per share)	10		
- Basic		**5.22 cents**	(49.03) cents
- Diluted		**5.22 cents**	(49.03) cents

The accompanying notes form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Net profit/(loss) for the financial year		**2,156**	(20,225)
Other comprehensive (loss)/income:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	18	**85**	99
Item that will not be reclassified subsequently to profit or loss:			
Financial assets, fair value (loss)/gain through other comprehensive income	13	**(312)**	5
Actuarial loss on retirement benefit obligation	24	**(221)**	–
Other comprehensive (loss)/income, net of tax		**(448)**	104
Total comprehensive income/(loss) for the financial year		**1,708**	(20,121)
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**1,708**	(20,121)

The accompanying notes form an integral part of these financial statements.

BALANCE SHEET

As at 31 December 2021

	Note	2021 $'000	2020 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**70,150**	49,162
Trade and other receivables	12	**5,505**	6,141
Other investments, at amortised cost	14	**5,036**	14,433
Inventories	15	**5,640**	7,525
Rental deposits	19	**1,411**	–
Other current assets	16	**2,040**	2,032
		89,782	79,293
Non-current assets			
Trade and other receivables	12	**4,502**	5,978
Financial assets, at FVOCI	13	**4,206**	4,518
Other investments, at amortised cost	14	**24,390**	29,996
Club memberships	17	**170**	170
Investment in an associate	18	**2,060**	2,033
Rental deposits	19	**3,811**	5,232
Investment properties	20	**30,511**	32,851
Property, plant and equipment	21	**23,899**	24,683
Right-of-use assets	22	**20,264**	29,139
		113,813	134,600
Total assets		**203,595**	213,893
LIABILITIES			
Current liabilities			
Trade and other payables	23	**33,349**	31,289
Provisions	25	**1,544**	–
Lease liabilities	26	**16,623**	16,758
		51,516	48,047
Non-current liabilities			
Trade and other payables	23	**3,866**	2,892
Provisions	25	**2,563**	2,386
Lease liabilities	26	**37,125**	53,751
		43,554	59,029
Total liabilities		**95,070**	107,076
NET ASSETS		**108,525**	106,817
EQUITY			
Capital and reserves attributable to the equity holders of the Company			
Share capital	28	**91,710**	91,710
General reserve	29	**17,000**	17,000
Fair value reserve	30	**1,534**	1,846
Currency translation reserve		**120**	35
Other reserves		**70**	291
Accumulated losses		**(1,909)**	(4,065)
Total equity		**108,525**	106,817

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Note	Share capital $'000	General reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Other reserves $'000	(Accumulated losses)/Retained earnings $'000	Total $'000
2021								
Beginning of financial year		**91,710**	**17,000**	**1,846**	**35**	**291**	**(4,065)**	**106,817**
Total comprehensive (loss)/ income for the year		–	–	(312)	85	(221)	2,156	1,708
End of financial year		**91,710**	**17,000**	**1,534**	**120**	**70**	**(1,909)**	**108,525**
2020								
Beginning of financial year		**91,710**	**17,000**	**1,841**	**(64)**	**291**	**18,223**	**129,001**
Total comprehensive income/ (loss) for the year		–	–	5	99	–	(20,225)	(20,121)
Dividend paid	31	–	–	–	–	–	(2,063)	(2,063)
End of financial year		**91,710**	**17,000**	**1,846**	**35**	**291**	**(4,065)**	**106,817**

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	2021 $'000	2020 $'000
Cash flows from operating activities		
Profit/(Loss) before income tax	**2,156**	(20,225)
Adjustments for:		
- Depreciation expense	**11,853**	18,699
- Income from recognition of net investment in subleases	**(109)**	(2,282)
- Amortisation of capitalised letting fees	**–**	2
- Impairment loss on right-of-use assets	**1,631**	17,223
- Impairment loss on property, plant and equipment	**810**	5,386
- Impairment loss on financial assets	**50**	1,830
- Gain on disposal of other investments, at amortised cost	**(157)**	(74)
- Gain on disposal of club membership	**–**	(13)
- Gain on disposal of property, plant and equipment	**(31)**	–
- Interest income	**(1,645)**	(2,600)
- Interest expense	**1,971**	2,510
- Changes in provisions for other liabilities and charges	**71**	71
- Dividend income	**(91)**	(142)
- Rent concession income	**(29)**	(4,774)
- Share of loss/(profit) of an associate	**58**	(82)
	16,538	15,529
Changes in working capital:		
- Trade and other receivables	**2,530**	1,846
- Inventories	**1,885**	1,275
- Other assets and rental deposits	**2**	1,645
- Trade and other payables	**2,813**	(8,132)
- Provisions	**–**	(755)
Net cash provided by operating activities	**23,768**	11,408

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

	Note	2021 $'000	2020 $'000
Cash flows from investing activities			
Proceeds from disposal of club membership		**–**	45
Payments for property, plant and equipment		**(939)**	(8,570)
Payments for investment property		**(117)**	(17)
Purchases of other investments, at amortised cost		**(2,654)**	(502)
Purchases of financial assets, fair value through other comprehensive income		**–**	(96)
Proceeds from disposal of property, plant and equipment		**134**	–
Proceeds from maturity/early redemption by issuers of other investments, at amortised cost		**17,702**	24,523
Interest received		**1,700**	2,632
Dividends received		**91**	142
Net repayments from employees		**6**	30
Net cash provided by investing activities		**15,923**	18,187
Cash flows from financing activities			
Principal payment of lease liability	26	**(16,732)**	(15,179)
Interest paid	26	**(1,971)**	(2,510)
Dividend paid		**–**	(2,063)
Net cash used in financing activities		**(18,703)**	(19,752)
Net increase in cash and cash equivalents		**20,988**	9,843
Cash and cash equivalents at beginning of financial year		**49,162**	39,319
Cash and cash equivalents at end of financial year	11	**70,150**	49,162

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

These notes form an integral part of and should be read in conjunction with the accompanying financial statements.

1. General information

Isetan (Singapore) Limited (the "Company") is listed on the Singapore Exchange and incorporated and domiciled in Singapore. The address of its registered office is 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641.

The principal activities of the Company are to carry on the business of operating department stores, operating supermarkets, to trade in general merchandise and to earn rental income from its investment properties.

2. Significant accounting policies

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Singapore Financial Reporting Standards (International) ("SFRS(I)s") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with SFRS(I)s requires management to exercise its judgement in the process of applying the Company's accounting policies. It also requires the use of certain critical accounting estimates and assumptions. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 3.

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Company has adopted the new or amended SFRS(I) and Interpretations of SFRS(I) ("INT SFRS(I)") that are mandatory for application for the financial year. Changes to the Company's accounting policies have been made as required, in accordance with the transitional provisions in the respective SFRS(I) and INT SFRS(I).

The adoption of these new or amended SFRS(I) and INT SFRS(I) did not result in substantial changes to the Company's accounting policies and had no material effect on the amounts reported for the current or prior financial years except for the early adoption of the amendment to SFRS(I) 16 Leases (Covid-19-Related Rent Concessions beyond 30 June 2021).

Early adoption of amendment to SFRS(I) 16 Leases

The Company has elected to early adopt the amendments to SFRS(I) 16 which introduced a practical expedient for a lessee to elect not to assess whether a rent concession is a lease modification, if all the following conditions are met:

(a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;

(b) any reduction in lease payments affects only payments originally due on or before 30 June 2022; and

(c) there is no substantive change to other terms and conditions of the lease.

The Company has elected to apply this practical expedient to all property leases. As a result of applying the practical expedient, rent concessions of $29,000 (Note 5) was recognised as other income in the profit or loss during the year.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.2 Revenue recognition

(a) Sale of goods and consignment income

The Company operates departmental stores and supermarkets, selling various goods and products. Revenue from contract with customers relating to sale of goods and consignment income is recognised at a point in time when the goods are delivered to the customer. When the Company acts in the capacity of an agent rather than a principal in the sale of goods to customers, the consignment income recognised is the net amount of commission made by the Company.

Payment of the transaction price is due immediately when the customer purchases the goods. However, the customer has a right to return the goods to the Company within 7 days (2020: 7 days) of delivery to the customer. Accumulated experience is used to estimate such returns at the time of sale at a portfolio level (expected value method). Because the number of products returned has been steady for years, it is highly probable that a significant reversal in the cumulative revenue recognised will not occur. The validity of this assumption and the estimated amount of returns are reassessed at each reporting date. No refund liability nor right to the returned goods are recognised for the products expected to be returned as the return rate is assessed to be insignificant based on accumulated experience of the Company.

Proceeds from sales of gift vouchers are initially recorded as contract liabilities and revenue is recognised when the customers apply the gift vouchers on subsequent purchases of goods or when the gift vouchers expire.

The Company operates a loyalty programme where retail customers accumulate points for purchases made and such points can be converted into shopping vouchers which can be used on subsequent purchases. Revenue from the award points is recognised when the points are converted into vouchers and applied on subsequent purchases or when points or shopping vouchers expire.

The points provide a material right to customers that they would not receive without entering into a contract. Therefore, the promise to provide points to the customer is a separate performance obligation. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point based on the discount granted when the points are redeemed and on the likelihood of redemption. Likelihood of redemption is estimated using past experience and redemption forecasts. The stand-alone selling price of the product sold is estimated on the basis of the retail price.

A contract liability is recognised until the points are redeemed or expire.

(b) Rental income

Rental income from operating leases (net of any incentives given to the lessees) is recognised on a straight-line basis over the lease term.

(c) Interest income

Interest income, including income arising from financial instruments, is recognised using the effective interest method.

(d) Dividend income

Dividend income is recognised when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be reliably measured.

(e) Technical fee

Technical fee from an associated company is recognised when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.3 Investment in an associate

Associates are entities over which the Company has significant influence, but not control, generally accompanied by a shareholding giving rise to voting rights of 20% and above. Investment in an associate is accounted for in the financial statements using the equity method of accounting less impairment losses, if any.

(i) Acquisitions

Investment in an associate is initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associate represents the excess of the cost of acquisition of the associate over the Company's share of the fair value of the identifiable net assets of the associate company and is included in the carrying amount of the investments.

(ii) Equity method of accounting

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of its associate's post-acquisition profits or losses of the investee in profit or loss and its share of movements in other comprehensive income of the investee's other comprehensive income. Dividends received or receivable from the associate are recognised as a reduction of the carrying amount of the investment. When the Company's share of losses in an associate equals to or exceeds its interest in the associate, the Company does not recognise further losses, unless it has legal or constructive obligations to make, or has made, payments on behalf of the associate. If the associate subsequently reports profits, the Company resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

Unrealised gains on transactions between the Company and its associate are eliminated to the extent of the Company's interest in the associate. Unrealised losses are also eliminated unless the transactions provide evidence of impairment of the assets transferred. The accounting policies of the associate are changed where necessary to ensure consistency with the accounting policies adopted by the Company.

(iii) Disposals

Investment in an associate is derecognised when the Company loses significant influence. If the retained equity interest in the former associate is a financial asset, the retained equity interest is measured at fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value and any proceeds on partial disposal, is recognised in profit or loss.

2.4 Property, plant and equipment

(a) Measurement

(i) Property, plant and equipment

Freehold land is stated at cost less accumulated impairment losses. All other items of property, plant and equipment are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses.

(ii) Component of costs

The cost of an item of property, plant and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The projected cost of dismantlement, removal or restoration is also recognised as part of the cost of property, plant and equipment if the obligation for the dismantlement, removal or restoration is incurred as a consequence of either acquiring or using the asset for purpose other than to produce inventories.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.4 Property, plant and equipment (continued)

(b) Depreciation

Freehold land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their depreciable amounts over their estimated useful lives as follows:

	Useful lives
Buildings	50 years
Leasehold improvements	4 - 10 years
Shop renovations, furniture, fixtures and fittings	10 years or over the lease term
Office and shop equipment	8 years or over the lease term
Motor vehicles	5 years

The residual values, estimated useful lives and depreciation method of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are recognised in profit or loss when the changes arise.

(c) Subsequent expenditure

Subsequent expenditure relating to property, plant and equipment that has already been recognised is added to the carrying amount of the asset only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance expenses are recognised in profit or loss when incurred.

(d) Disposal

On disposal of an item of property, plant and equipment, the difference between the disposal proceeds and its carrying amount is recognised in profit or loss within “other gains/(losses) - net”.

2.5 Investment properties

Investment properties include those portions of freehold/leasehold land and buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. Depreciation on the leasehold land and building is calculated using a straight-line method to allocate the depreciable amounts over the estimated useful life of 50 years. The residual value, useful life and depreciation method of investment properties are reviewed, and adjusted as appropriate, at each balance sheet date. The effects of any revision are included in profit or loss when the changes arise.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised and the carrying amounts of the replaced components are recognised in profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

On disposal of an investment property, the difference between the disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Club memberships

Club memberships are carried at cost less accumulated impairment losses in the balance sheet. On disposal of club membership, the difference between disposal proceeds and the carrying amount is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.7 Impairment of non-financial assets

Property, plant and equipment
Investment properties
Investment in an associate
Club memberships
Right-of-use ("ROU") assets

Property, plant and equipment, investment properties, investment in an associate, club memberships and ROU assets are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less costs to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the cash-generating-unit ("CGU") to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

The difference between the carrying amount and recoverable amount is recognised as an impairment loss in profit or loss.

For an asset other than goodwill, management assesses at the end of the reporting period whether there is any indication that an impairment recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the recoverable amount of that asset is estimated and may result in a reversal of impairment loss. The carrying amount of this asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss.

2.8 Financial assets

(a) Classification and measurement

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

- Amortised cost; and

- Fair value through other comprehensive income (FVOCI).

The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial asset.

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

The Company reclassifies debt instruments when and only when its business model for managing those assets changes.

At initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. **Significant accounting policies** (continued)

2.8 Financial assets (continued)

(a) *Classification and measurement* (continued)

At subsequent measurement

(i) *Debt instruments*

Debt instruments mainly comprise of cash and cash equivalents, trade and other receivables, deposits (including rental deposits) and debt securities.

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

(ii) *Equity investments*

The Company subsequently measures all its equity investments at their fair values. The Company has elected to recognise changes in fair value of equity securities not held for trading in other comprehensive income as these are strategic investments and the Company considers this to be more relevant. Movements in fair values of investments classified as FVOCI are presented as "fair value (loss)/gain" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

(b) *Impairment*

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt financial assets carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Note 35 details how the Company determines whether there has been a significant increase in credit risk. For trade receivables, the Company applies the simplified approach permitted by the SFRS(I) 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

(c) *Recognition and derecognition*

Regular way purchases and sales of financial assets are recognised on trade date – the date on which the Company commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

On disposal of a debt instrument, the difference between the carrying amount and the sales proceeds is recognised in profit or loss. Any amount previously recognised in other comprehensive income relating to that asset is reclassified to profit or loss.

On disposal of an equity investment, the difference between the carrying amount and sales proceeds is recognised in profit or loss if there was no election made to recognise fair value changes in other comprehensive income. If there was an election made, any difference between the carrying amount and sales proceed amount would be recognised in other comprehensive income and transferred to retained profits along with the amount previously recognised in other comprehensive income relating to that asset.

2.9 Trade and other payables

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

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

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.10 Fair value estimation of financial assets and liabilities

The fair values of financial instruments traded in active markets (such as exchange-traded and over-the-counter securities) are based on quoted market prices at the balance sheet date. The quoted market prices used for financial assets are the current bid prices; the appropriate quoted market prices used for financial liabilities are the current asking prices.

The fair values of financial instruments that are not traded in an active market are determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions that are existing at each balance sheet date. Where appropriate, quoted market prices or dealer quotes for similar instruments are used. Valuation techniques, such as discounted cash flow analysis, are also used to determine the fair values of the financial instruments.

The fair values of current financial assets and liabilities carried at amortised cost approximate their carrying amounts.

2.11 Leases

(a) When the Company is the lessee:

At the inception of the contract, the Company assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

- Right-of-use assets

  The Company recognised a right-of-use asset and lease liability at the date which the underlying asset is available for use. Right-of-use assets are measured at cost which comprises the initial measurement of lease liabilities adjusted for any lease payments made at or before the commencement date and lease incentive received. Any initial direct costs that would not have been incurred if the lease had not been obtained are added to the carrying amount of the right-of-use assets.

  These right-of-use assets are subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

- Lease liabilities

  The initial measurement of lease liability is measured at the present value of the lease payments discounted using the interest rate implicit in the lease, if the rate can be readily determined. If that rate cannot be readily determined, the Company shall use its incremental borrowing rate.

  Lease payments include the following:

  - Fixed payment (including in-substance fixed payments), less any lease incentives receivables;
  - Variable lease payment that are based on an index or rate, initially measured using the index or rate as at the commencement date;
  - Amount expected to be payable under residual value guarantees;
  - The exercise price of a purchase option if the Company is reasonably certain to exercise the option; and
  - Payment of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

  For a contract that contain both lease and non-lease components, the Company allocates the consideration to each lease component on the basis of the relative stand-alone prices of the lease and non-lease components.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. **Significant accounting policies** (continued)

2.11 Leases (continued)

(a) When the Company is the lessee: (continued)

- Lease liabilities (continued)

  Lease liabilities are measured at amortised cost using the effective interest method. Lease liabilities shall be remeasured when:

  - There is a change in future lease payments arising from changes in an index or rate;
  - There is a change in the Company's assessment of whether it will exercise an extension option; or
  - There is a modification in the scope or the consideration of the lease that was not part of the original term.

  Lease liability is remeasured with a corresponding adjustment to the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

- Short term and low value leases

  The Company has elected to not recognise right-of-use assets and lease liabilities for short-term leases that have lease terms of 12 months or less and leases of low value leases, except for sublease arrangements. Lease payments relating to these leases are expensed to profit or loss on a straight-line basis over the lease term.

- Variable lease payments

  Variable lease payments that are not based on an index or a rate are not included as part of the measurement and initial recognition of the lease liability. The Company shall recognise those lease payments in profit or loss in the periods that triggered those lease payments. Details of the variable lease payments are disclosed in Note 33.

(b) When the Company is the lessor:

The Company leases investment properties under operating leases to non-related parties.

Assets leased out under operating leases are included in property, plant and equipment and investment properties and are stated at cost less accumulated depreciation and accumulated impairment losses.

- Lessor – Operating leases

  Leases where the Company retains substantially all risks and rewards incidental to ownership are classified as operating leases. Rental income from operating leases (net of any incentives given to the lessees) is recognised in profit or loss on a straight-line basis over the lease term.

  Initial direct costs incurred by the Company in negotiating and arranging operating leases are added to the carrying amount of the leased assets and recognised as an expense in profit or loss over the lease term on the same basis as the lease income.

  Contingent rents are recognised as income in profit or loss when earned.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. **Significant accounting policies** (continued)

2.11 Leases (continued)

(b) When the Company is the lessor: (continued)

- Lessor – subleases

  In classifying a sublease, the Company as an intermediate lessor classifies the sublease as a finance or an operating lease with reference to the right-of-use asset arising from the head lease, rather than the underlying asset.

  When the sublease is assessed as a finance lease, the Company derecognises the right-of-use asset relating to the head lease that it transfers to the sublessee and recognises the net investment in the sublease within "Trade and other receivables". Any differences between the right-of-use asset derecognised and the net investment in sublease is recognised in profit or loss. The lease liability relating to the head lease is retained in the balance sheet, which represents the lease payments owed to the head lessor.

  When the sublease is assessed as an operating lease, the Company recognises lease income from sublease in profit or loss within "Other income". The right-of-use asset relating to the head lease is not derecognised.

  For contracts which contain lease and non-lease components, the Company allocates the consideration based on a relative stand-alone selling price basis.

- Lessor – lease modifications

  Any changes in the scope or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, rent concessions given which were not contemplated as part of the original terms and conditions of the lease) are accounted for as lease modifications.

  - For operating leases: The Company accounts for a modification to an operating lease as a new lease from the effective date of the modification, recognising the remaining lease payments as income on either a straight-line basis or another systematic basis over the remaining lease term.

  - For subleases which are finance leases: The Company applies the derecognition requirements under SFRS(I) 9 to recognise the modification or derecognition gains/losses on the net investment in the sublease which are finance leases.

2.12 Inventories

Inventories are carried at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Cost comprises all costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.13 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Company will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income or deducted in reporting the related expense.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.14 Income taxes

Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a tax authority will accept an uncertain tax treatment. The Company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

A deferred income tax liability is recognised on temporary differences arising on the investment in an associate, except where the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

A deferred income tax asset is recognised to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilised.

Deferred income tax is measured:

(i) at the tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date; and

(ii) based on the tax consequence that will follow from the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

Current and deferred income taxes are recognised as income or expense in profit or loss, except to the extent that the tax arises from a business combination or a transaction which is recognised directly in equity.

The Company accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.15 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amounts have been reliably estimated. Provisions are not recognised for future operating losses.

The Company recognises the estimated costs of dismantlement, removal or restoration of items of property, plant and equipment arising from the acquisition or use of assets. This provision is estimated based on the best estimate of the expenditure required to settle the obligation, taking into consideration time value of money.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in profit or loss as other expense.

Changes in the estimated timing or amount of the expenditure or discount rate are recognised in profit or loss for the period the changes in estimates arise except for asset dismantlement, removal and restoration costs, which are adjusted against the cost of the related property, plant and equipment, unless the decrease in the liability exceeds the carrying amount of the asset or the asset has reached the end of its useful life. In such cases, the excess of the decrease over the carrying amount of the asset or the changes in the liability is recognised in profit or loss immediately.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.16 Employee compensation

Employee benefits are recognised as an expense, unless the cost qualifies to be capitalised as an asset.

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Company has no further payment obligations once the contributions have been paid. The Company's contributions to defined contribution plans are recognised as employee compensation expense when the contributions are due.

(b) Employee leave entitlement

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the balance sheet date.

(c) Retirement benefits

The Company operates an unfunded, retirement benefit scheme for its employees who joined the Company before a certain date. Benefits are payable based on the last drawn salary of the employees, who have completed service of at least 6 years with the Company and, have reached the requisite age as at the balance sheet date. Liability accrued under the scheme is the present value of the Company's benefit obligations at the balance sheet date. Present value is determined by discounting the estimated future cash outflows using the interest rates of corporate bonds that have terms to maturity approximating the average maturity period of the related liability. The Company has no further payment obligations once the benefit has been paid to the employee upon retirement.

2.17 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the executive committee whose members are responsible for allocating resources and assessing performance of the operating segments.

2.18 Currency translation

(a) Functional and presentation currency

Items included in the financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Singapore Dollar, which is the functional currency of the Company.

(b) Transactions and balances

Transactions in a currency other than the functional currency ("foreign currency") are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Currency exchange differences resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rates at the balance sheet date are recognised in profit or loss. Monetary items include primarily financial assets (other than equity investments) and financial liabilities. However, in the financial statements, currency translation differences arising from the investment in an associate, is recognised in other comprehensive income and accumulated in the currency translation reserve.

When a foreign operation is disposed of, a proportionate share of the accumulated currency translation differences is reclassified to profit or loss, as part of the gain or loss on disposal.

Non-monetary items measured at fair values in foreign currencies are translated using the exchange rates at the date when the fair values are determined.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2. Significant accounting policies (continued)

2.19 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents include cash on hand and deposits with financial institutions which are subject to an insignificant risk of change in value.

2.20 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.21 Dividend to Company's shareholders

Interim dividend is recorded in the financial year in which it is declared payable. Final and special dividends are recorded in the financial year in which the dividends are approved by the shareholders.

3. Critical accounting estimates, assumptions and judgements

Estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

(i) Assessment for impairment of property, plant and equipment ("PPE") and Right-of-use ("ROU") assets

Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and ROU assets (Note 2.7).

For the purpose of impairment testing, the recoverable amounts of PPE of $23,899,000 (2020: $24,683,000) (Note 21) and ROU assets of $20,264,000 (2020: $29,139,000) (Note 22) and, when applicable, the CGU, have been determined based on the higher of fair value less costs to sell ("FVLCTS") and value-in-use ("VIU") methods.

Significant judgements are used to determine the discount rate, sales growth rates and rental income assumptions used in VIU computations. The continually evolving situation due to COVID-19 pandemic during the year resulted in inherent uncertainty in the impairment assessment. In making these estimates, management has relied on past performance and its expectations of market developments including estimates of the recovery of the retail environment in Singapore.

In the current financial year, impairment charge of $810,000 and $1,631,000 (2020: $5,386,000 and $17,223,000) (pro-rated based on the carrying amounts of PPE and ROU asset within the respective stores) was recorded to reduce the carrying values of PPE and ROU assets in each loss-making retail store under the Retail segment to their respective estimated recoverable amounts, obtained based on the VIU method. VIU is determined using cash flow projections based on financial budgets prepared by management.

The sensitivity analysis performed on management's estimates for the sales growth rates, discount rate and rental income assumptions applied in the VIU computations are as follows:

Key assumption	Sensitivity	Increase in impairment charge on PPE ($'000)	Increase in impairment charge on ROU ($'000)
Sales growth rate	3% lower	1,174	2,751
Discount rate	1% higher	152	379
Rental income	19.1% lower	256	509

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3. **Critical accounting estimates, assumptions and judgements** (continued)

(i) *Assessment for impairment of property, plant and equipment ("PPE") and Right-of-use ("ROU") assets* (continued)

In the current financial year, no impairment charge was recorded on the corporate assets (mainly comprising of land and buildings) in the Retail segment. The recoverable amounts of the corporate assets were obtained based on the FVLCTS method. The fair values of these corporate assets were largely based on property valuations obtained from professional property valuers. Significant judgement is used to determine the reasonableness of key assumptions, which include capitalisation rates used in income method and the selling price per square foot of market comparables used in direct comparison method (see Note 21(b)). If the valuations were 5% lower, no additional impairment charge would have been recognised on the corporate assets under the Retail segment.

(ii) *Critical judgement over the lease terms*

Extension option is included in the lease term if the lease is reasonably certain to be extended. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise the extension option. For leases of office space and retail stores, the following factors are considered to be most relevant:

- If any leasehold improvements are expected to have a significant remaining value, the Company typically includes the extension option in lease liabilities;
- If the retail stores are located in strategic locations that will contribute to the profitability of the Retail segment, the Company typically includes the extension option in lease liabilities;
- Otherwise, the Company considers other factors including its historical lease periods for similar assets, costs required to obtain replacement assets, and business disruptions.

The assessment of reasonable certainty to exercise extension options is only revised if a significant change in circumstances occurs which affects this assessment, and that is within the control of the lessee.

As at 31 December 2021, included within the Company's lease liabilities of $53,748,000 (2020: $70,509,000) is an amount of $5,939,000 (2020: $5,939,000), which relates to extension option which is reasonably certain to be exercised. As at 31 December 2021, potential future (undiscounted) cash outflows of approximately $47,690,000 (2020: $47,690,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

4. **Revenue**

	2021	2020
	$'000	$'000
Sale of goods [Note(a)]	**46,608**	44,173
Consignment income [Note(a)]	**30,659**	26,052
	77,267	70,225
Rental income from investment properties	**8,701**	8,066
Less: Government grant expense – rent concessions [Note (b)]	**(164)**	(1,131)
	8,537	6,935
	85,804	77,160

Included in the rental income above is contingent rent of $120,000 (2020: $70,000). The contingent rent was computed based on sales achieved by lessees.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

4. Revenue (continued)

(a) Revenue from contracts with customers

(i) *Disaggregation of revenue from contracts with customers*

The Company derives revenue from contracts with customers through the transfer of goods at a point in time and these pertain to retail revenue derived in Singapore.

(ii) *Contract liabilities*

	Note	31 December **2021** **$'000**	31 December 2020 $'000	1 January 2020 $'000
Contract liabilities				
- Loyalty programme	23	**520**	730	886
- Gift voucher sales	23	**1,120**	1,166	1,756
Total contract liabilities		**1,640**	1,896	2,642

Contract liabilities for deferred revenue has decreased due to higher redemption of vouchers during the current financial year.

Revenue recognised in relation to contract liabilities

	2021 **$'000**	2020 $'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Deferred revenue – loyalty programme	**730**	886
- Deferred revenue – gift voucher sales	**1,166**	1,756

As permitted under SFRS(I) 15, the aggregated transaction price allocated to unsatisfied contract of periods one year or less is not disclosed.

(b) For the year ended 31 December 2021, government grant expense relates to rental waivers provided to eligible tenants under the Rental Waiver Framework. For the year ended 31 December 2020, government grant expense relates to the property tax rebates received from the Singapore Government that were transferred to tenants in the form of rent rebates during the year and rental waivers provided to eligible tenants as part of the qualifying conditions of the cash grant.

(c) Trade receivables from contracts with customers

	31 December **2021** **$'000**	31 December 2020 $'000	1 January 2020 $'000
Current assets			
Trade receivables from contracts with customers	**588**	438	445
Less: Loss allowance	**(30)**	(30)	(30)
	558	408	415

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5. Other income

	2021 $'000	2020 $'000
Rental income	**1,530**	988
Government grant income (a)	**3,014**	6,345
Rent concession income (b)	**29**	4,774
Sundry income	**328**	172
Dividend income from listed equity securities, at FVOCI	**91**	142
Technical fee from investment in an associate	**–**	35
Interest income from financial assets measured at amortised cost:		
- Fixed deposits	**100**	252
- Investments	**1,470**	2,317
- Others	**75**	31
Income from recognition of net investment in subleases	**219**	1,975
Less: Government grant expense – rent concessions (c)	**(110)**	(261)
	6,746	16,770

Included in the rental income above is contingent rent of $88,000 (2020: $97,000). The contingent rent was computed based on sales achieved by lessees.

(a) Government grant income

Government grant income mainly pertains to the Jobs Support Scheme (the "JSS") amounting to $2,903,000 (2020: $4,560,000) which was recognised during the financial year. The JSS is a temporary scheme introduced in the Singapore Budget 2020 to help enterprises retain local employees. The scheme had been extended up to 2021 by the Government. Under the JSS, employers will receive cash grants in relation to the gross monthly wages of eligible employees.

For the year ended 31 December 2020, government grant income of $1,495,000 relates to property tax rebates and cash grant received from the Singapore Government to help businesses deal with the impact from COVID-19. For the property tax rebates, the Company is obliged to pass on the benefits to its tenants and had transferred these to the tenants in form of rent rebates during the financial year 2020. For the cash grant, the Company was obliged to waive up to two months of rental to eligible tenants.

For the year ended 31 December 2020, government grant income also included $290,000 of Foreign Worker Levy ("FWL") waivers and FWL rebates. FWL waivers and FWL rebates were introduced in the Singapore Budget 2020 to ease the labour costs of business employers who hire foreign workers on work permits and S-passes during the circuit breaker period.

(b) Included within Rent concession income are COVID-19 related rent concessions received from lessors of $29,000 (2020: $4,774,000) to which the Company applied the practical expedient as disclosed in Note 2.1.

(c) For the year ended 31 December 2021, government grant expense relates to rental waivers provided to eligible tenants under the Rental Waiver Framework.

For the year ended 31 December 2020, government grant expense was related to the property tax rebates received from the Singapore Government that were transferred to tenants in the form of rent rebates during the year and rental waivers provided to eligible tenants as part of the qualifying conditions of the cash grant.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

6. Other gains/(losses) - net

Included in other gains/(losses) are the following items:

	2021 $'000	2020 $'000
Impairment loss on financial assets [Note 35(b)]	**(50)**	(1,830)
Gain on disposal of property, plant and equipment	**31**	–
Gain on disposal of financial assets	**157**	84

7. Employee compensation

	2021 $'000	2020 $'000
Wages and salaries	**14,342**	14,167
Employer's contribution to defined contribution plans including Central Provident Fund	**1,440**	1,406
Retirement benefit scheme expense (Note 24)	**56**	78
	15,838	15,651
Less: Government grants	**(194)**	(308)
	15,644	15,343

Government grants relate to the Special Employment Credit ("SEC") and Wage Credit Scheme ("WCS").

The SEC was introduced as a Budget Initiative in 2011 to support employers, and to raise the employability of older Singaporeans. This initiative provides wage offsets to employers hiring Singaporean workers aged above 55 and earning up to $4,000 a month.

The WCS was introduced in Budget 2013 for support to businesses affected by economic restructuring to manage rising labour costs. This initiative supports businesses embarking on transformation efforts and encourage sharing of productivity gains with workers.

8. Rental expense and other expenses

(a) Rental expense

Lease payment recognised as rental expense includes contingent rental expense of $478,000 (2020: $191,000) provided on a percentage of sales derived from the rented retail spaces in the current year.

(b) Other expenses

Included in other expenses are the following items:

	2021 $'000	2020 $'000
Advertising and promotion	**3,470**	2,898
Amortisation of capitalised letting fees	**–**	2
Credit card commissions	**2,523**	2,029
Delivery	**1,233**	1,084
License fees, property and miscellaneous taxes	**1,204**	1,206
Royalty	**885**	787
Supplies, repair and maintenance	**2,854**	2,655
Utilities	**2,074**	1,591

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9. Income tax expense

The tax on the Company's profit/(loss) before tax differs from the theoretical amount that would arise using the Singapore standard rate of income tax as follows:

	2021 $'000	2020 $'000
Profit/(Loss) before tax	**2,156**	(20,225)
Share of loss/(profit) of an associate	**58**	(82)
Profit/(Loss) before tax and share of result of an associate	**2,214**	(20,307)
Tax calculated at a tax rate of 17% (2020: 17%)	**376**	(3,452)
Expenses not deductible for tax purposes	**391**	1,316
Income not subject to tax	**(474)**	(799)
Utilisation of previously unrecognised deferred tax assets	**(224)**	(193)
Income taxed at concessionary rate	**(69)**	(162)
Deferred tax assets not recognised	**–**	3,290
Tax credit	**–**	–

Interest income derived from financial assets that are qualified as Qualifying Debt Securities are subject to 10% concessionary tax rate.

As at 31 December 2021, the Company has carried forward tax losses of $13,644,000 (2020: $10,480,000) and capital allowances of $763,000 (2020: $2,009,000), of which the unrecognised deductible temporary differences as at 31 December 2021 is $7,713,000 (2020: $4,319,000). In addition to the unrecognised deductible temporary differences arising from unused tax losses and capital allowance, the Company has unrecognised deductible temporary differences amounting to $31,966,000 as at 31 December 2021 (2020: $37,723,000).

The tax losses and capital allowances have no expiry date and can be carried forward and used to offset against future taxable income subject to the provisions of Section 37 of the Income Tax Act, Cap 134.

10. Earnings/(Loss) per share

Basic earnings/(loss) per share is calculated by dividing the net profit/(loss) attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the financial year.

	2021	2020
Net profit/(loss) attributable to equity holders of the Company ($'000)	**2,156**	(20,225)
Weighted average number of ordinary shares in issue for calculation of basic loss per share ('000)	**41,250**	41,250
Basic earnings/(loss) per share	**5.22 cents**	(49.03) cents

There are no dilutive shares, hence fully diluted earnings per share equal to the basic earnings per share of 5.22 cents (2020: loss per share of 49.03 cents).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

11. Cash and cash equivalents

	2021 **$'000**	2020 $'000
Cash at bank and on hand	**69,556**	7,621
Fixed deposits with financial institutions	**594**	41,541
	70,150	49,162

The fixed deposits with financial institutions mature on varying dates within 1 month (2020: 3 months) from the financial year end.

The weighted average effective interest rates for the fixed deposits are as follows:

	2021 **%**	2020 %
Interest rates on fixed deposits	**0.31**	**0.31**

The exposure of cash and cash equivalents to interest rate risk and currency risk is disclosed in Note 35.

12. Trade and other receivables

(a) Current

	2021 **$'000**	2020 $'000
Trade receivables		
- Immediate holding corporation (Note 32)	**60**	72
- Non-related parties	**1,933**	2,222
- Associate	**–**	35
	1,993	2,329
Less: Allowance for impairment of receivables - non-related parties	**(30)**	(30)
	1,963	2,299
Staff loans	**–**	6
Interest receivable	**243**	444
Accrued receivables	**1,104**	821
Government grant receivables [Note 5(a)]	**203**	808
Finance lease receivables [Note 12(c)]	**1,992**	1,763
	5,505	6,141

(b) Non-current

	2021 **$'000**	2020 $'000
Other receivables		
Finance lease receivables [Note 12(c)]	**4,221**	5,890
Deposits	**281**	88
	4,502	5,978

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12. Trade and other receivables (continued)

(c) As at 31 December 2021, the finance lease receivables relate to subleases which were classified as finance leases as disclosed in Note 33(j).

(d) At the balance sheet date, the carrying amounts of trade and other receivables (current and non-current) approximated their fair values. The exposure to currency risk of trade and other receivables (current and non-current) is disclosed in Note 35(a).

13. Financial assets, at FVOCI

	2021	2020
	$'000	$'000
Beginning of financial year	**4,518**	4,417
Fair value (loss)/gain	**(312)**	5
Additions	**–**	96
End of financial year	**4,206**	4,518
Non-current assets		
Quoted equity securities:		
- Ascendas Reit	**2,658**	2,684
- Others	**154**	137
	2,812	2,821
Unquoted equity:		
- Isetan Japan Sdn. Bhd.	**1,394**	1,697
Total	**4,206**	4,518

14. Other investments, at amortised cost

	2021	2020
	$'000	$'000
Beginning of financial year	**44,429**	69,629
Additions	**2,654**	502
Disposals	**(17,545)**	(24,449)
Movement due to accretion of interest income using effective interest rate method	**(62)**	(17)
Impairment recognised in profit and loss during the year	**(50)**	(1,236)
End of financial year	**29,426**	44,429

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14. Other investments, at amortised cost (continued)

	Carrying amount $'000	Fair value $'000	Weighted average effective interest rate %
As at 31 December 2021			
(i) Current			
Bonds with fixed interest rates ranging from 3.08% to 7.00% per annum and the maturity dates ranging from 14 February 2022 to 29 November 2022	7,133	5,265	**4.25**
Less: Loss allowances	(2,097)		
	5,036		
(ii) Non-Current			
Bonds with fixed interest rates ranging from 2.53% to 4.95% per annum and the maturity dates ranging from 3 February 2023 to 19 November 2030	24,683	25,341	**3.60**
Less: Loss allowances	(293)		
	24,390		
As at 31 December 2020			
(i) Current			
Bonds with fixed interest rates ranging from 2.95% to 7.15% per annum and the maturity dates ranging from 20 February 2021 to 7 October 2021	16,613	15,323	**4.31**
Less: Loss allowances	(2,180)		
	14,433		
(ii) Non-Current			
Bonds with fixed interest rates ranging from 3.02% to 5.70% per annum and the maturity dates ranging from 31 January 2022 to 19 January 2027	30,361	31,294	**3.79**
Less: Loss allowances	(365)		
	29,996		

The fair values of bonds are based on regular statements provided by a financial institution of high credit quality. The bonds held by the Company mainly comprise of listed bonds for which the fair values of such bonds are based on the current price listed in active markets (Level 1 of the fair value hierarchy). For unlisted bonds, the fair values are based on information obtained from financial institutions of good credit standing.

The bonds are denominated in Singapore Dollars and the exposure to the interest rate risk and currency risk is disclosed in Note 35.

15. Inventories

	2021 **$'000**	2020 $'000
Merchandise	**5,640**	7,525

The cost of inventories recognised as expense amounts to $33,638,000 (2020: $31,623,000).

Inventory write down of $102,000 (2020: $108,000) has been included in "Purchases of inventories and related costs" in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16. Other current assets

	2021 $'000	2020 $'000
Deposits	**40**	31
Prepayments	**2,000**	2,001
	2,040	2,032

17. Club memberships

	2021 $'000	2020 $'000
Cost		
Beginning of financial year	**546**	739
Less: Disposal of club membership	**–**	(193)
End of financial year	**546**	546
Accumulated impairment		
Beginning of financial year	**376**	534
Less: Disposal of club membership	**–**	(158)
End of financial year	**376**	376
Net book value		
End of financial year	**170**	170

18. Investment in an associate

	2021 $'000	2020 $'000
Beginning of financial year	**2,033**	1,852
Share of (loss)/profit	**(58)**	82
Currency translation gain	**85**	99
End of financial year	**2,060**	2,033

Name of company	Principal activity	Place of business/ country of incorporation	Equity holding 31 December 2021 %	Equity holding 31 December 2020 %
Chengdu Isetan Company Limited*	Retailing of general merchandise	People's Republic of China	**23**	23

* Audited by Ernst & Young Hua Ming - Chengdu Branch.

18. Investment in an associate (continued)

Summarised financial information of the associate

Summarised balance sheet

	2021 $'000	2020 $'000
Current assets	**18,704**	17,009
Current liabilities	**(14,815)**	(15,119)
Non-current assets	**5,039**	6,921

Summarised statement of comprehensive income

	2021 $'000	2020 $'000
Revenue	**78,923**	76,658
(Loss)/Profit from continuing operations	**(253)**	357
Total comprehensive (loss)/income	**(253)**	357

The information above reflects the amounts presented in the financial statements of the associate (and not the Company's share of those amounts), adjusted for differences in accounting policies between the Company and the associate.

There are no contingent liabilities relating to the Company's interest in the associate.

Reconciliation of summarised financial information

Reconciliation of the summarised financial information presented, to the carrying amount of the Company's interest in the associate, is as follows:

	2021 $'000	2020 $'000
Net assets	**8,928**	8,811
Company's equity interest	**23%**	23%
Company's share of net asset	**2,060**	2,033
Carrying value	**2,060**	2,033

19. Rental deposits

Rental deposits relate to deposits for securing the due performance of the Company for the rental of premises. At the balance sheet date, their carrying amounts approximated their fair values.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

20. Investment properties

	2021 **$'000**	2020 $'000
Cost		
Beginning of financial year	**87,816**	87,799
Additions	**117**	17
End of financial year	**87,933**	87,816
Accumulated depreciation		
Beginning of financial year	**54,965**	52,509
Depreciation charge	**2,457**	2,455
Amortisation of letting fees	**–**	1
End of financial year	**57,422**	54,965
Net book value		
End of financial year	**30,511**	32,851

(a) The investment properties are leased to non-related parties under operating leases.

(b) The investment properties are initially recognised at cost and subsequently carried at cost less accumulated depreciation and accumulated impairment losses. The fair value of the investment properties at 31 December 2021 is $295,800,000 (2020: $300,600,000) as determined by independent professional valuers and after deducting any estimated cost to completion. The fair value of the investment property is classified as Level 3 fair value measurement (definition of Level 3 is in Note 21(b)). Valuation is made annually using the income method and/or direct comparison method, based on the property's highest-and-best use.

(c) The following amounts are recognised in profit or loss:

	2021 **$'000**	2020 $'000
Rental income from investment properties (Note 4)	**8,701**	8,066
Less: Government grant expense – rent concessions (Note 4)	**(164)**	(1,131)
Government grant income	**20**	142
Direct operating expenses arising from investment properties that generated rental income	**(5,499)**	(4,626)

21. Property, plant and equipment

	Freehold land and buildings $'000	Buildings and improvements $'000	Shop renovations, furniture, fixtures and fittings $'000	Office and shop equipment $'000	Motor vehicles $'000	Total $'000
2021						
Cost						
Beginning of financial year	18,362	5,035	36,979	32,876	464	93,716
Additions	–	1,650	336	603	–	2,589
Disposal/write-off	–	–	(134)	–	–	(134)
End of financial year	18,362	6,685	37,181	33,479	464	96,171
Accumulated depreciation and impairment						
Beginning of financial year	3,284	3,905	32,187	29,229	428	69,033
Depreciation charge	135	223	993	1,092	17	2,460
Impairment charge	–	369	280	161	–	810
Disposal/write-off	–	–	(31)	–	–	(31)
End of financial year	3,419	4,497	33,429	30,482	445	72,272
Net book value						
End of financial year	**14,943**	**2,188**	**3,752**	**2,997**	**19**	**23,899**

	Freehold land and buildings $'000	Buildings and improvements $'000	Shop renovations, furniture, fixtures and fittings $'000	Office and shop equipment $'000	Motor vehicles $'000	Total $'000
2020						
Cost						
Beginning of financial year	18,362	4,836	40,597	36,917	464	101,176
Additions	–	302	3,538	2,588	–	6,428
Disposal/write-off	–	(103)	(7,156)	(6,629)	–	(13,888)
End of financial year	18,362	5,035	36,979	32,876	464	93,716
Accumulated depreciation and impairment						
Beginning of financial year	3,149	3,648	34,361	33,181	405	74,744
Depreciation charge	135	190	1,572	871	23	2,791
Impairment charge	–	170	3,410	1,806	–	5,386
Disposal/write-off	–	(103)	(7,156)	(6,629)	–	(13,888)
End of financial year	3,284	3,905	32,187	29,229	428	69,033
Net book value						
End of financial year	**15,078**	**1,130**	**4,792**	**3,647**	**36**	**24,683**

(a) Continued losses in the Retail segment in the current financial year is an indicator of impairment of PPE and ROU assets (Note 22) and triggered the need for impairment assessment.

In 2021, impairment charge of $810,000 and $1,631,000 were recorded to reduce the carrying values of PPE and ROU assets respectively (2020: impairment charge of $5,386,000 and $17,223,000) in each retail store under the Retail segment to their respective estimated recoverable amounts. No impairment charge was recorded on the corporate assets (mainly comprising of land and buildings) in the Retail segment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

21. Property, plant and equipment (continued)

(a) (continued)

The recoverable amounts of the PPE and ROU assets in the retail stores are obtained based on the VIU method (Note 3(i)) and the discount rate used at 31 December 2021 was 7.80% (2020: 7.80%). The sales growth rates and rental income assumptions applied in the VIU computations are based on financial budgets prepared by management and the identification of CGU (retail store) is in line with the Company's strategic objective in managing the Retail segment.

Management has included the impact arising from COVID-19 in the key assumptions applied in the VIU computation by considering the impact of the relaxation of safe management measurement measures on sales growth rate assumptions.

(b) The recoverable amount of the corporate assets under the Retail segment is based on the FVLCTS method (Note 3(i)). The fair values of these corporate assets at the balance sheet date were largely based on property valuations obtained from independent professional valuers, taking into account the selling price per square foot and capitalisation rates for similar properties. The fair values of the corporate assets are classified as Level 3 fair value measurement.

Fair value measurement hierarchy is defined as follows:

(i) quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) 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) (Level 2); and

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

Level 3 fair values of the corporate assets have been derived using one or more of the following valuation approaches:

(i) the Direct Comparison Method where corporate assets are valued using transacted prices for comparable properties in the vicinity and elsewhere with necessary adjustments made for differences in location, tenure, size, shape, design, layout, age and condition of the buildings, availability of car parking facilities, date of transactions and the prevailing market conditions. The most significant input to the valuation approach would be the selling price per square foot.

(ii) the Income Method where the net rental income after property tax is capitalised at a rate which reflects the present and potential income growth and over the unexpired lease term. The most significant input to the valuation approach would be the capitalisation rate.

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For the financial year ended 31 December 2021

21. Property, plant and equipment (continued)

(b) Fair value hierarchy (continued)

The following table presents the valuation techniques and key inputs that were used to determine the fair values of corporate assets categorised under Level 3 of the fair value hierarchy:

Description	Fair value 2021 $'000	Valuation techniques	Unobservable inputs	Range of Unobservable inputs	Relationship of unobservable inputs to fair value	Valuation determined by
Isetan Office Building	**28,200** (2020: 28,700)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2021: $1,749 psf** (2020: $1,779 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	**2021: 2.75%** (2020: 2.50%)	The lower the capitalisation rate, the higher the fair value.	
Kallang Pudding Warehouse	**15,000** (2020: 14,800)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2021: $594 psf** (2020: $552 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	**2021: 3.25%** (2020: 3.40%)	The lower the capitalisation rate, the higher the fair value.	
Valley Park Condominium	**2,600** (2020: 2,450)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2021: $1,917 psf** (2020: $1,806 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer

22. Right-of-use assets

	Retail stores $'000	Office space $'000	Total $'000
2021			
Cost			
Beginning of financial year	101,206	513	101,719
De-recognition of ROU assets for subleases classified as finance leases	(308)	–	(308)
End of financial year	**100,898**	**513**	**101,411**
Accumulated depreciation and impairment			
Beginning of financial year	72,352	228	72,580
Depreciation charge	6,810	126	6,936
Impairment charge	1,631	–	1,631
End of financial year	**80,793**	**354**	**81,147**
Net book value			
End of financial year	**20,105**	**159**	**20,264**

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22. Right-of-use assets (continued)

	Retail stores $'000	Office space $'000	Total $'000
2020			
Cost			
Beginning of financial year	105,445	513	105,958
Additions to ROU assets	387	–	387
Lease modifications	443	–	443
De-recognition of ROU for expired leases	(3,438)	–	(3,438)
De-recognition of ROU assets for subleases classified as finance leases	(1,631)	–	(1,631)
End of financial year	**101,206**	**513**	**101,719**
Accumulated depreciation and impairment			
Beginning of financial year	45,240	102	45,342
Depreciation charge	13,327	126	13,453
Impairment charge	17,223	–	17,223
De-recognition of expired leases	(3,438)	–	(3,438)
End of financial year	**72,352**	**228**	**72,580**
Net book value			
End of financial year	**28,854**	**285**	**29,139**

23. Trade and other payables

	2021 $'000	2020 $'000
Current		
Trade payables	**24,599**	22,013
Rental deposits received	**1,189**	1,135
Rental in advance	**1,268**	1,001
Provision for unutilised leave (a)	**236**	194
Provision for retirement benefits (Note 24)	**23**	107
Other creditors	**34**	100
Deferred grant income [Note 5(a)]	**–**	808
Deferred revenue – loyalty programme [Note 4(a)(ii)]	**520**	730
Deferred revenue – gift voucher sales [Note 4(a)(ii)]	**1,120**	1,166
Accrued royalty payable to immediate holding corporation	**885**	787
Accruals and other liabilities	**3,475**	3,248
	33,349	31,289
Non-current		
Rental deposits received	**2,592**	1,873
Provision for retirement benefits (Note 24)	**1,274**	1,019
	3,866	2,892

The exposure of trade and other payables to currency risk is disclosed in Note 35(a).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23. Trade and other payables (continued)

(a) Provision for unutilised leave

	2021 $'000	2020 $'000
Beginning of financial year	**194**	264
Utilised during the year	**(40)**	(105)
Charged to profit or loss	**82**	35
End of financial year	**236**	194

24. Provision for retirement benefits

	2021 $'000	2020 $'000
Beginning of financial year	**1,126**	1,120
Utilised during the year	**(106)**	(72)
Charged to profit or loss as employee compensation	**56**	78
Actuarial loss on retirement benefit obligation	**221**	–
End of financial year	**1,297**	1,126
Not later than one year	**23**	107
Later than one year	**1,274**	1,019
	1,297	1,126

The Company engaged an independent qualified actuary to calculate the defined benefit obligation using the Projected Unit Credit Cost Method in 2021. The present value of obligation calculated by the qualified actuary approximates the carrying amount of the liabilities recorded by the Company.

The key assumptions used were as follows:

	2021 %	2020 %
Discount rate	**1.50**	2.30
Salary growth rate	**3.00**	0.50 – 3.00
Turnover and early retirement rates by age groups	**0.00 – 35.00**	0.00 – 35.00

25. Provisions

	2021 $'000	2020 $'000
Current		
Provision for reinstatement costs	**1,544**	–
Non-current		
Provision for reinstatement costs	**2,563**	2,386

Provision for reinstatement costs are the estimated costs of dismantlement, removal or restoration of property, plant and equipment arising from the acquisition or use of assets, which are capitalised and included in the cost of property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

25. Provisions (continued)

Movements in these provisions were as follows:

	2021 $'000	2020 $'000
Beginning of financial year	**2,386**	2,315
Provision utilised	**–**	(10)
Provision made	**1,721**	81
End of financial year	**4,107**	2,386

26. Lease liabilities

	2021 $'000	2020 $'000
Current		
Lease liabilities	**16,623**	16,758
Non-current		
Lease liabilities	**37,125**	53,751

Reconciliation of liabilities arising from financing activities

			Non-cash changes				
	1 January 2021 $'000	Principal and interest payments $'000	Rent concession $'000	Modification of lease liabilities $'000	Addition during the year $'000	Interest expense $'000	31 December 2021 $'000
Lease liabilities	70,509	(18,703)	(29)	–	–	1,971	53,748

			Non-cash changes				
	1 January 2020 $'000	Principal and interest payments $'000	Rent concession $'000	Modification of lease liabilities $'000	Addition during the year $'000	Interest expense $'000	31 December 2020 $'000
Lease liabilities	89,632	(17,689)	(4,774)	443	387	2,510	70,509

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

27. Deferred income taxes

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

The movement in deferred income tax assets and liabilities (prior to offsetting of balances within the same tax jurisdiction) is as follows:

Deferred income tax liabilities

	Finance lease receivables $'000	Others $'000	Total $'000
At 1 January 2021	**1,301**	**75**	**1,376**
Credited to profit or loss	(245)	(34)	(279)
At 31 December 2021	**1,056**	**41**	**1,097**
At 1 January 2020	407	116	523
Charged/(credited) to profit or loss	894	(41)	853
At 31 December 2020	1,301	75	1,376

Deferred income tax assets

	Tax losses $'000	Provisions $'000	Others $'000	Total $'000
At 1 January 2021	**(464)**	**(756)**	**(156)**	**(1,376)**
Charged/(Credited) to profit or loss	206	(83)	156	279
At 31 December 2021	**(258)**	**(839)**	**–**	**(1,097)**
At 1 January 2020	–	(523)	–	(523)
Credited to profit or loss	(464)	(233)	(156)	(853)
At 31 December 2020	(464)	(756)	(156)	(1,376)

28. Share capital

The Company's share capital comprises fully paid-up 41,250,000 (2020: 41,250,000) ordinary shares with no par value, amounting to a total of $91,710,000 (2020: $91,710,000).

29. General reserve

The general reserve of the Company is distributable. The general reserve is to meet contingencies or for such other purposes as the Directors shall determine to be conducive to the interests of the Company.

30. Fair value reserve

	2021 **$'000**	2020 $'000
Beginning of financial year	**1,846**	1,841
Financial assets, at FVOCI fair value (loss)/gain (Note 13)	**(312)**	5
End of financial year	**1,534**	1,846

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31. Dividend

	2021 $'000	2020 $'000
Ordinary dividends		
Final dividend of Nil cents (2020: final dividend of 5.0 cents) per share, in respect of the financial year ended 2020 (2020: financial year ended 2019)	–	2,063

The Directors have proposed a final dividend for the financial year ended 31 December 2021 of 3.0 cents per share amounting to $1,237,500. These financial statements do not reflect this proposed dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings in the financial year ending 31 December 2022.

32. Immediate and ultimate holding corporation

The Company's immediate holding corporation is Isetan Mitsukoshi Ltd, incorporated in Japan. The ultimate holding corporation is Isetan Mitsukoshi Holdings Ltd, incorporated in Japan.

33. Leases

The Company as a lessee

Nature of the Company's leasing activities

The Company leases office space and retail stores for the purpose of office operations and sale of consumer goods to retail customers respectively.

(a) *Carrying amounts of right-of-use assets* (Note 22)

	2021 $'000	2020 $'000
Office space	159	285
Retail stores	20,105	28,854
	20,264	29,139

(b) *Depreciation charge* (Note 22)

	2021 $'000	2020 $'000
Office space	126	126
Retail stores	6,810	13,327
	6,936	13,453

	2021 $'000	2020 $'000
(c) *Impairment charge* (Note 22)		
Impairment charge on right-of-use assets	1,631	17,223
(d) *Interest expense*		
Interest expense on lease liabilities	1,971	2,510
(e) *Lease expense not capitalised in lease liabilities*		
Lease expense – short-term leases	1,182	1,662
Variable lease payments which do not depend on an index or rate	478	191
Total	1,660	1,853

33. Leases (continued)

The Company as a lessee (continued)

Nature of the Company's leasing activities (continued)

(f) Total income from subleasing ROU assets in 2021 was $1,225,000 (2020: $791,000).

(g) Total cash outflow for all the leases in 2021 was $20,363,000 (2020: $19,542,000).

(h) Addition of ROU assets during the financial year ended 31 December 2021 was $Nil (2020: $830,000).

(i) Future cash outflow which are not capitalised in lease liabilities

i. Variable lease payments

The leases for retail stores contain variable lease payments that are based on a percentage of sales generated by the stores ranging from 0.5% to 1% (2020: 0.5% to 1%), on top of fixed payments. The Company negotiates variable lease payments for a variety of reasons, including minimising the fixed costs base for retail stores. Such variable lease payments are recognised to profit or loss when incurred and amounted to $478,000 (2020: $191,000) [Note 33(e)] for the financial year ended 31 December 2021.

ii. Extension options

The leases for certain retail stores contain extension periods, for which the related lease payments had not been included in lease liabilities [Note 3(ii)] as the Company is not reasonably certain to exercise these extension options. The Company negotiates extension options to optimise operational flexibility in terms of managing the assets used in the Company's operations. The majority of the extension options are exercisable by the Company and not by the lessor.

The Company as a lessor

Nature of the Company's leasing activities – Company as a lessor

The Company has leased out its owned investment properties and certain warehouse and office building space classified under property, plant and equipment to third parties for monthly lease payments. These leases are classified as operating leases because the risk and rewards incidental to ownership of the assets are not substantially transferred.

Nature of the Company's leasing activities – Company as an intermediate lessor

(j) Subleases – classified as finance leases

The Company has classified the sub-leases of certain right-of-use retail spaces as finance leases as these sub-leases are for periods which form a significant portion of the remaining lease term of the relevant head lease.

ROU assets relating to the head lease with sub-leases classified as finance lease is derecognised. The net investment in the sub-lease is recognised under "Trade and other receivables" (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. Leases (continued)

The Company as a lessor (continued)

Nature of the Company's leasing activities – Company as an intermediate lessor (continued)

(j) Subleases – classified as finance leases (continued)

The following table shows the maturity analysis of the undiscounted lease payments to be received under the finance leases:

	2021 $'000	2020 $'000
Less than one year	**2,147**	1,966
One to two years	**2,183**	2,003
Two to three years	**2,025**	2,040
Three to four years	**142**	1,981
Four to five years	**–**	142
Total undiscounted lease payments	**6,497**	8,132
Less: Unearned finance income	**(284)**	(479)
Net investment in finance lease	**6,213**	7,653
Current (Note 12)	**1,992**	1,763
Non-current (Note 12)	**4,221**	5,890
Total	**6,213**	7,653

The net investment in finance lease has decreased as the Company has received lease payments during the financial year ended 31 December 2021, and has provided rent concessions of $82,000 (2020: $569,000) to its lessees.

(k) Subleases – classified as operating leases

The Company acts as an intermediate lessor under arrangement in which it sub-leases out certain retail stores to third parties for monthly lease payments. The sublease periods do not form a major part of the remaining lease terms under the head leases and accordingly, the sub-leases are classified as operating leases. Rental income received from these subleases are as follows:

	2021 $'000	2020 $'000
Rental income		
- Investment properties (Note 4)	**8,537**	6,935
- Property, plant and equipment/subleases* (Note 5)	**1,530**	988

* Income from subleasing the retail stores recognised during the financial year 2021 was $1,280,000 (2020: $800,000), of which $88,000 (2020: $97,000) (Note 5) relates to variable lease payments that do not depend on an index or rate.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33. Leases (continued)

The Company as a lessor (continued)

Maturity analysis of lease payments – Company as a lessor

Undiscounted lease payments from the operating leases to be received after the reporting date are as follows:

	2021	2020
	$'000	$'000
Less than one year	**8,974**	8,193
One to two years	**7,311**	2,648
Two to three years	**5,639**	35
Three to four years	**2,650**	–
Four to five years	**2,585**	–
More than five years	**654**	–
Total undiscounted lease payment	**27,813**	10,876

34. Commitments

Capital commitments

Capital expenditures contracted for at the balance sheet date but not recognised in the financial statements, are as follows:

	2021	2020
	$'000	$'000
Investment properties	**489**	491
Property, plant and equipment	**1,726**	3,041

35. Financial risk management

The Board of Directors provides guidelines for overall risk management as well as policies covering specific areas.

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Financial risk management (continued)

(a) Market risk

(i) Currency risk

The Company operates locally and has limited exposure to currency risk arising from sales and purchases transactions denominated in Japanese Yen ("Yen") and investment denominated in Malaysia Ringgit ("MYR"). The cash flows of the Company and its financial assets and liabilities are mainly denominated in Singapore Dollars ("SGD").

The Company's currency exposure based on the information provided to key management is as follows:

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
At 31 December 2021					
Financial assets:					
Cash and cash equivalents	70,100	50	–	–	70,150
Trade and other receivables	10,007	–	–	–	10,007
Financial assets, at FVOCI	2,812	–	1,394	–	4,206
Other investment, at amortised cost	29,426	–	–	–	29,426
Other financial assets	5,262	–	–	–	5,262
	117,607	50	1,394	–	119,051
Financial liabilities:					
Trade and other payables	32,771	3	–	–	32,774
Lease liabilities	53,748	–	–	–	53,748
	86,519	3	–	–	86,522
Net financial assets	**31,088**	**47**	**1,394**	**–**	**32,529**
Less: Net financial assets denominated in the entity's functional currency	(31,088)	–	–	–	(31,088)
Currency exposure	**–**	**47**	**1,394**	**–**	**1,441**
At 31 December 2020					
Financial assets:					
Cash and cash equivalents	49,066	96	–	–	49,162
Trade and other receivables	12,080	4	–	35	12,119
Financial assets, at FVOCI	2,821	–	1,697	–	4,518
Other investment, at amortised cost	44,429	–	–	–	44,429
Other financial assets	5,263	–	–	–	5,263
	113,659	100	1,697	35	115,491
Financial liabilities:					
Trade and other payables	29,140	12	–	4	29,156
Lease liabilities	70,509	–	–	–	70,509
	99,649	12	–	4	99,665
Net financial assets	**14,010**	**88**	**1,697**	**31**	**15,826**
Less: Net financial assets denominated in the entity's functional currency	(14,010)	–	–	–	(14,010)
Currency exposure	**–**	**88**	**1,697**	**31**	**1,816**

The Company's business operations are not exposed to significant foreign currency risks as it has no significant transactions denominated in foreign currencies.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Financial risk management (continued)

(a) Market risk (continued)

(ii) Price risk

The Company is exposed to equity securities price risk because of the quoted and unquoted investments held by the Company which are classified on the balance sheet as financial assets, at FVOCI. The quoted equity securities are listed in Singapore. The Company monitors its investment in equity securities regularly to manage its price risk.

If prices for equity securities listed in Singapore change by 5% (2020: 5%) with all other variables, including the tax rate, being held constant, other comprehensive income will:

	Increase/(decrease)	
	2021	2020
	$'000	$'000
- increase by	**141**	141
- decrease by	**(141)**	(141)

If the market multiples for the investment in equity securities not traded in an active market were to change by 5% (2020: 5%) the impact on other comprehensive income would be approximately $58,000 (2020: $59,000).

(iii) Cash flow and fair value interest rate risks

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates.

The Company has significant interest-bearing assets in the form of short-term fixed deposits with fixed interest rates ranging from 0.25% to 0.31% (2020: 0.23% to 0.38%) per annum and investments in bonds and notes issued by recognised financial institutions and local companies with fixed interest rates ranging from 2.53% to 7.00% (2020: 2.95% to 7.15%) per annum. As the interest-bearing assets are at fixed rates, the Company's income is substantially independent of changes in cash flow interest rate risk.

The Company has insignificant financial liabilities that are exposed to interest rate risks.

(b) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has policies in place to ensure that sales are made only to customers of appropriate credit standing and history, and obtaining sufficient collateral where appropriate to mitigate credit risk. For other financial assets, the Company adopts the policy of dealing only with high credit quality financial institutions.

Credit exposure to tenants is monitored on an on-going basis. Outstanding receivables will be identified with follow up actions being monitored closely by management. Rental deposits are obtained to mitigate credit risks arising from tenants and management performs credit evaluation before entering into subleases of retail spaces to tenants.

Sales to retail customers are required to be settled in cash or using major credit cards, mitigating credit risk. There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

Except for the rental deposits received from tenants (Note 23), the Company does not hold collateral and the maximum exposure to credit risk to each class of financial instruments is the carrying amount of that class of financial instruments presented on the balance sheet.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. **Financial risk management** (continued)

(b) Credit risk (continued)

The movements in credit loss allowance are as follows:

	Trade receivables[(a)]	Other investments at amortised cost[(b)]	Total
	$'000	$'000	$'000
Balance at 1 January 2021	**30**	**2,545**	**2,575**
Loss allowance recognised in profit or loss during the year on:			
- Assets acquired/originated or changes in credit risk	–	50	50
- Reversal of unutilised amount	–	(205)	(205)
Balance at 31 December 2021	**30**	**2,390**	**2,420**

(a) Loss allowance measured at lifetime ECL

(b) Loss allowance measured at 12-month ECL except for two particular investments for which lifetime expected credit losses was recognised

	Trade receivables[(a)]	Other investments, at amortised cost[(b)]	Total
	$'000	$'000	$'000
Balance at 1 January 2020	577	1,309	1,886
Loss allowance recognised in profit or loss during the year on:			
- Assets acquired/originated or changes in credit risk	594	1,236	1,830
- Written-off	(1,141)	–	(1,141)
Balance at 31 December 2020	**30**	**2,545**	**2,575**

(a) Loss allowance measured at lifetime ECL

(b) Loss allowance measured at 12-month ECL except for two particular investments for which lifetime expected credit losses was recognised

(i) Cash and cash equivalents

The Company held cash and cash equivalents of $70,150,000 (2020: $49,162,000) with banks which are rated AA1 and A1 based on Moody's and Fitch and are considered to have low credit risk. The cash balances are measured on 12-month expected credit losses and subject to immaterial credit loss.

(ii) Trade and other receivables

The Company measures the lifetime expected credit loss allowance for trade receivables based on shared credit risk characteristics and days past due.

In determining the expected credit loss allowance for tenants as at 31 December 2021, management has considered the history of default of tenants, the existence of rental deposits, its ability to resume possession of units and forward-looking macroeconomic factors in determining that the Company's exposure to bad debts in relation to tenants is not significant.

As at 31 December 2020, management had identified one tenant who was in significant financial difficulties. Hence, the recoverability of the balance due from this tenant with significant financial difficulty had been assessed by management separately. For the year ended 31 December 2020, the Company recorded a loss allowance of $594,000 and subsequently the amount due from the tenant of $1,141,000 was fully written off.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Financial risk management (continued)

(b) Credit risk (continued)

(ii) Trade and other receivables (continued)

For trade receivables relating to sale of goods and other receivables, management has considered the relatively low value of transactions and manner in which these are settled i.e. by cash and credit card and determined that the receivables are subject to immaterial credit loss.

Finance lease receivables of $6,213,000 (2020: $7,653,000) are subject to immaterial credit loss as the Company entered into lease arrangements with reputable companies with high credit ratings and there is no history of default.

(iii) Other investments, at amortised cost

Other investments, at amortised cost (Note 14) comprise listed and unlisted notes. Except for two particular investments for which lifetime expected credit losses were recognised, the remaining investments are considered "low credit risk" as they are of investment grade credit rating with at least one major rating agency and/or have low risk of default as the coupon payments have been received in accordance with the promised timeframe.

Hence, the loss allowance computed for these assets are measured at the 12-month expected credit losses.

Credit risk exposure and significant credit risk concentration

The Company uses the following categories of internal credit risk rating for its investment in unlisted notes. The internal credit ratings have been mapped to external credit ratings determined by credit rating agencies such as Standard & Poor, Moody's and Fitch, so as to determine the appropriate expected credit loss rates.

Category of internal credit rating	**Performing**						**Under-performing**	**Non-performing**	**Write-off**
Definition of category	Issuers have a low risk of default and a strong capacity to meet contractual cash flows. Coupon payments for bonds have been received in accordance with promised timeframe.						Issuers for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayment are 30 days past due	Interest and/or principal payments are 90 days past due	Interest and/or principal repayments are past due and there is no reasonable expectation of recovery
Basis of recognition of expected credit loss	12-month expected credit losses (Stage 1)						Lifetime expected credit losses (Stage 2)	Lifetime expected credit losses (Stage 3)	Asset is written off
Equivalent external credit rating	Investment grade			Non-investment grade		Unrated	–	–	–
	Aaa/Aa1/Aa2/Aa3	A1/A2/A3	Baa1/Baa2/Baa3	Ba1/Ba2/Ba3	B1/B2/B3				
2021									
Gross carrying amount ($'000)	1,265	3,507	7,081	1,253	–	16,711	–	1,999	–
Loss allowance	–	(1)	(6)	(4)	–	(380)	–	(1,999)	–
2020									
Gross carrying amount ($'000)	4,265	4,282	8,584	3,255	1,752	22,837	–	1,999	–
Loss allowance	–	(1)	(7)	(12)	(18)	(508)	–	(1,999)	–

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Financial risk management (continued)

(c) Liquidity risk

The Company manages liquidity risk by maintaining sufficient cash and marketable securities to enable them to meet their normal operating commitments, having an adequate amount of committed credit facilities and the ability to close out market positions at short notice.

The table below analyses the maturity profile of the Company's financial liabilities based on contractual undiscounted cash flows:

	Less than 1 year $'000	Between 1 and 5 years $'000	More then 5 years $'000
At 31 December 2021			
Trade and other payables	**30,182**	**2,592**	**–**
Lease liabilities	**18,070**	**38,793**	**–**
At 31 December 2020			
Trade and other payables	27,283	1,873	–
Lease liabilities	18,732	54,838	2,025

(d) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain a strong capital base to secure its future success. To achieve the Company's planned capital structure, it may take certain actions like adjusting the amount of dividend payment and issuing new shares.

As part of the Company's capital management process, the long term strategic planning and annual budgeting processes will determine if there are any new capital requirements to support the Company's business plans. If so, the Company's capital plan will be prepared for discussion and further deliberation by the Board.

Total capital is represented by "Total equity" on the balance sheet.

The Company is not subjected to any externally imposed capital requirements for the financial years ended 31 December 2021 and 2020.

(e) Fair value measurements

The following table presents financial assets measured at fair value and classified by level of the fair value measurement hierarchy, definition of which is in Note 21(b).

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
31 December 2021				
Assets				
Financial assets, at FVOCI	2,812	–	1,394	4,206
31 December 2020				
Assets				
Financial assets, at FVOCI	2,821	–	1,697	4,518

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

35. Financial risk management (continued)

(e) Fair value measurements (continued)

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in Level 1.

The financial instrument included in Level 3 comprises of an investment that does not have quoted prices from active markets for the fair value to be based on. Instead, the fair value is measured using the estimated EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortisation) multiplied by the EBITDA Multiple which is adjusted for discounts for the lack of marketability. The estimated EBITDA incorporates assumptions based on market conditions existing at the balance sheet date, and the EBITDA Multiple is derived from a set of comparable entities. The selection of the appropriate EBITDA Multiple requires judgement, considering qualitative and quantitative factors specific to the measurement at the balance sheet date. The effect of a change in management's estimate on the market multiples for the unquoted equity securities are disclosed in Note 35(a).

The following table presents, the changes in Level 3 instruments:

	2021	2020
	$'000	$'000
Unquoted equity securities		
Beginning and end of financial year	**1,394**	1,697
Total loss included in the comprehensive income for assets held at the end of financial year	**303**	–

There were no transfers between Levels 2 and 3 during the year.

(f) Financial instruments by category

The carrying amount of the different categories of financial instruments is as disclosed on the face of the balance sheet and in Notes 13 and 14 to the financial statements, except for the following:

	$'000
31 December 2021	
Financial assets, at amortised cost	**85,419**
Financial liabilities, at amortised cost	**86,522**
31 December 2020	
Financial assets, at amortised cost	66,544
Financial liabilities, at amortised cost	99,665

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

36. Related party transactions

In addition to the information disclosed elsewhere in the financial statements, the following related party transactions took place between the Company and related corporations during the financial year:

(a) Sales and purchases of goods and services

	2021 $'000	2020 $'000
Royalty payable to immediate holding corporation	**885**	787
Purchases from immediate holding corporation	**29**	63
Technical fee receivable from an associate	**–**	35
Payments made on behalf by fellow subsidiary	**34**	110

Outstanding balances with the immediate holding corporation and an associate as at 31 December 2021 arising from the sale/purchase of goods and services, are unsecured, interest-free and receivable/payable within 12 months from balance sheet date and are disclosed in Notes 12 and 23, respectively.

(b) Key management's remuneration

The key management's remuneration is analysed as follows:

	2021 $'000	2020 $'000
Directors of the Company		
Wages and salaries	**267**	275
Directors' fees	**163**	163
Other benefits	**52**	62
	482	500

37. Segment information

Management has determined the operating segments based on the reports reviewed by the Executive Committee ("Exco") that are used to make strategic decisions. The Exco comprises the Managing Director and certain key executives in charge of various functional areas. Operating segments that have similar economic characteristics and similar nature of products and services are aggregated into a single reportable segment.

The Exco sees the business being organised into two reportable segments:

- The Retail segment is involved in the business of retailing and operating of department stores and supermarkets.

- The Property segment is mainly involved in the leasing of properties owned by the Company.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. Segment information (continued)

Segment assets consist primarily of right-of-use assets, property, plant and equipment, inventories, receivables, investment properties and exclude cash and cash equivalents, investment in an associate, other investments, at amortised cost, financial assets, at FVOCI and other assets. Segment liabilities comprise payables and provisions. Capital expenditures comprises additions to property, plant and equipment and investment properties.

There are no sales or other transactions between the reportable segments.

	Retail $'000	Property $'000	Total $'000
2021			
Segment revenue			
Sales to external customers	77,267	–	77,267
Rental income - Investment properties	–	8,537	8,537
Other rental income	1,530	–	1,530
Income from recognition of net investment in subleases	109	–	109
Rental concession income	29	–	29
Government grant income	2,994	20	3,014
Segment result	(3,046)	3,058	12
Other income			2,064
Other gains			138
Share of loss of an associate			(58)
Net profit			2,156
Other segment items			
Capital expenditure	2,589	117	2,706
Depreciation	9,396	2,457	11,853
Impairment charge on right-of-use assets	1,631	–	1,631
Impairment charge on property, plant and equipment	810	–	810
Assets and liabilities			
Segment assets	65,685	32,068	97,753
Unallocated assets:			
- Investment in an associate			2,060
- Cash and cash equivalents			70,150
- Other investments, at amortised cost			29,426
- Financial assets, at FVOCI			4,206
Total assets			203,595
Segment liabilities	91,562	3,508	95,070
Total liabilities			95,070

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

37. Segment information (continued)

	Retail $'000	Property $'000	Total $'000
2020			
Segment revenue			
Sales to external customers	70,225	–	70,225
Rental income - Investment properties	–	6,935	6,935
Other rental income	988	–	988
Income from recognition of net investment in subleases	1,714	–	1,714
Rental concession income	4,774	–	4,774
Government grant income	6,063	142	6,205
Segment result	(24,695)	2,451	(22,244)
Other income			3,089
Other losses			(1,152)
Share of profit of an associate			82
Net loss			(20,225)
Other segment items			
Capital expenditure	6,428	17	6,445
Additions to right-of-use assets	830	–	830
Depreciation	16,244	2,455	18,699
Impairment charge on right-of-use assets	17,223	–	17,223
Impairment charge on property, plant and equipment	5,386	–	5,386
Assets and liabilities			
Segment assets	79,308	34,443	113,751
Unallocated assets:			
- Investment in an associate			2,033
- Cash and cash equivalents			49,162
- Other investments, at amortised cost			44,429
- Financial assets, at FVOCI			4,518
Total assets			213,893
Segment liabilities	104,559	2,517	107,076
Total liabilities			107,076

Geographical information

The Company operates in Singapore and accordingly, no geographical information is presented.

NOTES TO THE FINANCIAL STATEMENTS

38. Impact of COVID-19

The COVID-19 pandemic has affected almost all countries of the world and resulted in border closures, production stoppages, workplace closures, movement controls and other measures imposed by the various governments. The Company's significant operations are in Singapore which has been affected by the spread of COVID-19 since 2020. To control the spread of COVID-19, the Government put in place regulations commonly known as the "safe management measures" which require, amongst other things, lower capacity limits, the scaling back of large events and a continued prohibition of external sales events.

Set out below is the impact of COVID-19 on the financial performance of the Company reflected in this set of financial statements for the year ended 31 December 2021:

i. The Company has assessed that the going concern basis of preparation for this set of financial statements remains appropriate.

ii. In 2021, the Company has received rental rebates for its leased retail stores and also provided rental concessions to tenants in its investment properties and retail stores. The effects of such rental concessions received/provided are disclosed in Notes 4 and 5 respectively.

iii. The Company has considered the market conditions (including the impact of COVID-19) as at the balance sheet date, in making estimates and judgements on the recoverability of assets as at 31 December 2021. The significant estimates and judgement applied on impairment of property, plant and equipment and impairment of right-of-use assets are disclosed in Notes 21 and 22 respectively.

As the COVID-19 pandemic continues to evolve, the Company continues to be impacted by the measures taken by governments to combat the spread of the pandemic. If the situation persists beyond management's current expectations, the Company's assets may be subject to further write downs in the subsequent financial periods.

39. New or revised accounting standards and interpretations

Below are the mandatory standards, amendments and interpretations to existing standards that have been published, and are relevant for the Company's accounting periods beginning on or after 1 January 2022 and which the Company has not early adopted.

Amendments to SFRS(I) 1-1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective for annual periods beginning on or after 1 January 2023)

The narrow-scope amendments to SFRS(I) 1-1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date (e.g. the receipt of a waiver or a breach of covenant). The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability.

The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

The Company does not expect any significant impact arising from applying these amendments.

Amendments to SFRS(I) 1-37 Provisions, Contingent Liabilities and Contingent Assets: Onerous Contracts – Cost of Fulfilling a Contract (effective for annual periods beginning on or after 1 January 2022)

An onerous contract is a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The unavoidable costs under a contract reflect the least net cost of exiting from the contract, which is the lower of the costs of fulfilling it and any compensation or penalties arising from failure to fulfil it. The amendment to SFRS(I) 1-37 clarifies that the direct costs of fulfilling a contract include both the incremental costs of fulfilling the contract and an allocation of other costs directly related to fulfilling contracts.

The Company does not expect any significant impact arising from applying these amendments.

NOTES TO THE FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

40. Authorisation of financial statements

These financial statements were authorised for issue in accordance with a resolution of the Board of Directors of Isetan (Singapore) Limited on 25 March 2022.

ADDITIONAL DISCLOSURE REQUIREMENTS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

For the financial year ended 31 December 2021

(a) Material contracts

Other than as disclosed in the financial statements and in this report, there were no material contracts of the Company, involving the interests of the Managing Director, any director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year.

(b) Chairman and Managing Director

The Chairman and Managing Director are not related.

(c) Independence of directors

In line with the SGX-ST Listing Rule 210(5)(d)(iii) which took effect from 1 January 2022, the continued appointment of an independent director who has served the Board for an aggregate period of more than nine years will be subject to the approval of (i) all members; and (ii) all members, excluding Directors, the Managing Director and their associates (the "**Two-Tier Voting**"). In this regard, Ms. Lim Bee Choo who has served on the board for more than nine years since being first appointed as an independent director on 1 July 2012 has been subjected to the Two-Tier Voting at the previous Annual General Meeting held on 28 April 2021 where the relevant resolutions were all passed. The NC and the Board are of the opinion that Ms. Lim continues to demonstrate independence in judgement, conduct and character, and she continues to be independent despite serving more than nine years on the Board. The other Independent Directors, namely Associate Professor Victor Yeo Chuan Seng and Mr. Richard Tan Chuan-Lye, have each served less than nine years on the board. The three Independent Directors form more than half of the Board.

(d) Re-nomination and Re-appointment of directors

All directors are required to submit themselves for re-nomination and re-appointment at least once every three years.

(e) Directors' and Key Executives' Remuneration

(i) Breakdown of Directors' remuneration (in percentage terms) for the period from 1 January 2021 to 31 December 2021:

	Directors	**Fees/ Salary %**	**Bonus %**	**Share options %**	**Other benefits* %**	**Total %**
		Remuneration band from S$250,000 to S$499,999				
1	Koji Oyama (Managing Director)	83.74	–	–	16.26	100
		Remuneration band below S$250,000				
2	Satoru Tanaka (Chairman) (Appointed on 21 May 2021)	–	–	–	–	–
3	Victor Yeo Chuan Seng	100.00	–	–	–	100
4	Lim Bee Choo	100.00	–	–	–	100
5	Richard Tan Chuan-Lye	100.00	–	–	–	100
6	Toyohiko Tanaka (resigned on 21 May 2021)	–	–	–	–	–

* Includes housing and transportation

ii) Key executives of the Company in remuneration band:

	2021	2020
Below $250,000	**13**	14
Total	**13**	14

The names of the key executives are set out on pages 15 and 16 under "Key Executives' Profiles".

ADDITIONAL DISCLOSURE REQUIREMENTS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

For the financial year ended 31 December 2021

(f) Auditor's remuneration

The following information relates to remuneration of the independent auditor of the Company during the financial year.

	The Company	
	2021	2020
	$'000	$'000
Auditor's remuneration paid/payable		
- current year	**268**	265
- prior year	**–**	19
Other fees paid/payable for non-audit services rendered	**110**	100

(g) Appointment of auditors

The Company has complied with Rules 712 and 715 of the Listing Manual issued by Singapore Exchange Securities Trading Limited in relation to its auditors.

(h) Internal Audit Function

The Audit and Risk Committee has ensured that the internal audit function is independent, effective and adequately resourced, and has staff with the relevant qualifications and experience.

(i) Review of the provision of non-audit services by the auditors

The Audit and Risk Committee has undertaken a review of non-audit services provided by the auditors and they would not, in the opinion of the Audit and Risk Committee, affect their independence.

(j) Risk management and internal controls

Based on the work carried out by the internal auditors, the review undertaken by the external auditors as part of their statutory audit, the existing management controls in place and the written representation by management, the Audit and Risk Committee and Board concur that that there are adequate and effective internal controls and risk management systems in place to address risks relating to financial, operational, compliance and information technology matters.

(k) Property, plant and equipment

Details of the Company's freehold and leasehold land and buildings are as follows:

Location - Singapore	**Tenure**	**Use of property**	
593, Havelock Road, Isetan Office Building	Freehold	Office building	Lettable Floor Area - 16,583ft^2
5, Kallang Pudding Road* (*partly re-classified to investment properties in 2019)	Freehold	Warehouse	Lettable Floor Area – 27,455.8ft^2
Apartment in Valley Park	Leasehold - 999 years	Residential apartment	Strata Area 1,356ft^2

(l) Investment properties

Location - Singapore	**Tenure**	**Use of property**	
435, Orchard Road, Podium Block Wisma Atria	Leasehold - 99 years from 1 April 1962	Rental	Strata Area 104,733ft^2
5, Kallang Pudding Road* (*partly re-classified from property, plant and equipment to investment properties in 2019)	Freehold	Rental	Lettable Floor Area - 27,455.8ft^2

ADDITIONAL DISCLOSURE REQUIREMENTS OF THE SINGAPORE EXCHANGE SECURITIES TRADING LISTING MANUAL

For the financial year ended 31 December 2021

(m) Treasury shares

There were no treasury shares held as at 31 December 2021 and 31 December 2020.

(n) Dealing in Securities

Please refer to information disclosed in the Corporate Governance Report under Principle 1, on page 37.

(o) Interested person transactions

	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than $100,000 each)			
	Transactions not conducted under shareholders' mandate pursuant to Rule 920		Transactions conducted under shareholders' mandate pursuant to Rule 920	
	2021	2020	**2021**	2020
	$'000	$'000	**$'000**	$'000
Name of interested person				
Isetan Mitsukoshi Ltd	**885**	787	**–**	–

STATISTICS OF SHAREHOLDINGS

As at 17 March 2022

Class of shares : Fully paid ordinary shares
Voting rights : One vote per share
The Company cannot exercise any voting rights in respect of shares held by it as treasury shares.

The Company does not have any treasury shares, preference shares or convertible equity securities. The Company has no subsidiaries and there are thus no subsidiary holdings[1].

Subject to the Companies Act, subsidiaries cannot exercise any voting rights in respect of shares held by them as subsidiary holdings.

ANALYSIS OF SHAREHOLDINGS BY RANGE AS AT 17 MARCH 2022

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	37	3.66	983	0.00
100 to 1,000	216	21.36	155,886	0.38
1,001 to 10,000	616	60.93	2,031,778	4.92
10,001 to 1,000,000	138	13.65	10,431,053	25.29
1,000,001 AND ABOVE	4	0.40	28,630,300	69.41
TOTAL	1,011	100.00	41,250,000	100.00

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 17 MARCH 2022

	NO. OF SHARES			
NAME	DIRECT INTEREST	% OF ISSUED SHARE CAPITAL	DEEMED INTEREST	% OF ISSUED SHARE CAPITAL
ISETAN MITSUKOSHI LTD	21,750,000	52.73	–	–
ISETAN FOUNDATION	3,437,500	8.33	–	–
ISETAN MITSUKOSHI HOLDINGS LTD	–	–	21,750,000	52.73

[1]"subsidiary holdings" is defined in the SGX-ST Listing Manual to mean shares referred to in Sections 21(4), 21(4B), 21(6A), and 21(6C) of the Companies Act.

By virtue of section 7 of the Companies Act (Cap 50), Isetan Mitsukoshi Holdings Ltd, the holding corporation of Isetan Mitsukoshi Ltd, is deemed to have an interest in the 21,750,000 shares held by Isetan Mitsukoshi Ltd in the Company.

STATISTICS OF SHAREHOLDINGS

As at 17 March 2022

TOP 20 SHAREHOLDERS AS AT 17 MARCH 2022

No.	Name	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1	ISETAN MITSUKOSHI LTD	21,750,000	52.73
2	ISETAN FOUNDATION	3,437,500	8.33
3	MORPH INVESTMENTS LTD	1,722,800	4.18
4	YAP BOH SIM	1,720,000	4.17
5	DBS NOMINEES PTE LTD	971,830	2.36
6	MUFG BANK LTD, SINGAPORE BRANCH	850,000	2.06
7	PHILLIP SECURITIES PTE LTD	781,200	1.89
8	CITIBANK NOMINEES SINGAPORE PTE LTD	664,700	1.61
9	LEE YUEN SHIH	451,250	1.09
10	RAFFLES NOMINEES (PTE) LTD	354,950	0.86
11	CHUA KUAN LIM CHARLES	341,100	0.83
12	WEE AIK KOON PTE LTD	316,250	0.77
13	MAYBANK SECURITIES PTE LTD	298,100	0.72
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LTD	272,670	0.66
15	LEONG JULIA (MRS HOW JULIA)	210,000	0.51
16	OCBC SECURITIES PRIVATE LIMITED	203,510	0.49
17	THIA CHENG SONG	160,000	0.39
18	CHENG GOOD HIANG	157,000	0.38
19	PANG CHEOW JOW	148,300	0.36
20	CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	144,755	0.35
	TOTAL	34,955,915	84.74

The percentage of shareholding held in the hands of the public is 38.94% which is more than 10% of the issued share capital of the Company.

Therefore, Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited has been complied with.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 51st Annual General Meeting ("**AGM**") of the Company will be held by electronic means on **Thursday, 28 April 2022 at 10.00 a.m.** for the following purposes: -

1. To receive and adopt the Directors' Statement and Accounts for the financial year ended 31 December 2021 together with the Auditor's Report thereon. **Resolution 1**

2. To re-elect Mr. Victor Yeo Chuan Seng as a Director of the Company, who will be retiring under Regulation 96 of the Company's Constitution, and who, being eligible, has offered himself for re-election. **Resolution 2**

   (Note: Mr. Victor Yeo Chuan Seng will, upon his re-election as a Director of the Company, remain as the Lead Independent Director, Chairman of the Nominating Committee, and a member of the Audit and Risk and Remuneration Committees. Mr. Victor Yeo Chuan Seng is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited.)

3. To record the retirement of Mr. Koji Oyama as a Director of the Company under Regulation 96 of the Company's Constitution and who has decided not to seek re-election.

   (Note: The Board would like to express its appreciation to Mr. Koji Oyama for his invaluable contributions to the Board and Company.)

4. To re-elect Mr. Satoru Tanaka as a Director who will be retiring under Regulation 103 of the Company's Constitution, and who, being eligible, has offered himself for re-election. **Resolution 3**

   (Note: Mr. Satoru Tanaka will, upon his re-election as a Director of the Company, remain as a non-executive and non-independent Director and Chairman of the Board.)

5. To declare a final dividend of three cents per ordinary share, tax exempt (1-tier), in respect of the financial year ended 31 December 2021. **Resolution 4**

6. To approve the payment of Directors' fees of up to S$165,000/- for the financial year ending 31 December 2022 (payable quarterly in arrears) (for the financial year ended 31 December 2021: S$165,000). **Resolution 5**

7. To re-appoint PricewaterhouseCoopers LLP, the existing auditors of the Company, as Auditors to hold office until the conclusion of the next general meeting of the Company and to authorise the Directors to fix their remuneration. **Resolution 6**

8. To transact any other business that may be transacted at the Annual General Meeting.

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary

Singapore
6 April 2022

NOTICE OF ANNUAL GENERAL MEETING

Notes:

(1) The Annual General Meeting ("**AGM**") will be held wholly by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 3) Order 2020.

(2) The following alternative arrangements have been put in place by the Company to allow shareholders to participate in the AGM:

a. **Live Audio-visual Webcast/Live Audio-only Stream**: The AGM will be conducted by way of electronic means and there will be no personal attendance at the AGM. Members will be able to watch the AGM proceedings through a live audio-visual webcast or live audio-only broadcast.

b. **Online Pre-registration**: To do so, members and investors who hold shares of the Company through the Central Provident Fund ("CPF") and/or the Supplementary Retirement Scheme ("SRS") who wish to follow the proceedings of the AGM through the Live Audio-visual Webcast or live audio-only stream must pre-register at https://online.meetings.vision/isetan-agm-registration not later than 10.00 a.m. on 25 April 2022.

Upon successful pre-registration, each authenticated person will receive an email by 10.00 a.m. on 27 April 2022. The email will contain the login instructions to access the audio-visual webcast or audio-only broadcast of the AGM proceedings. Members (or corporate representatives) who have pre-registered but do not receive an email by 10.00 a.m. on 27 April 2022 are advised to contact the Company at Tel: 6732 8866 extension 334 or email to CorporateAffairs@isetan.com.sg.

(3) **Voting solely via appointing Chairman as Proxy**: Shareholders may only vote at the AGM by appointing the Chairman as proxy to vote on their behalf. Duly completed Proxy Forms must be deposited at the Company's Registered Office at 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 not less than 72 hours before the time set for holding the above meeting.

In view of the current Covid-19 situation, shareholders may alternatively send the completed proxy form via email to the Company at CorporateAffairs@isetan.com.sg to reach the Company not less than 72 hours before the time set for holding the above meeting.

Investors who hold shares through Relevant Intermediaries (including CPF/SRS Investors): Investors (including CPF/SRS investors) should not make use of the proxy form and instead approach their respective relevant intermediary to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank / SRS operator) by 18 April 2022, 5.00 pm to ensure their votes are submitted. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries by 18 April 2022, 5.00 pm.

(4) The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

(5) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

(6) The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy.

(7) In the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

(8) Questions relating to the Agenda of the Meeting

Members may submit any questions in advance that they wish for the Company to consider addressing during the Meeting by post or emailing such questions to the address as shown in paragraph 3 above, addressed to the "Chairman of the Meeting". Members or their Corporate Representative who are pre-registering for the audio-visual webcast or audio-only broadcast may also pose their questions in the link during the pre-registration process. All questions, sent by any of the above means, must reach the Company no later than 10.00 am on 15 April 2022. Members must provide their full name and identification number together with their contact numbers and email addresses when submitting questions by any of the above means.

The Company's Board of Directors shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from members prior to the cut-off time stated above. The answers to such questions will be announced on the SGXNet and posted on the Company's website by 22 April 2022, 10.00 am.

NOTICE OF ANNUAL GENERAL MEETING

Members who participate in the AGM will also be able to ask questions "live" via a "chatbox" which would be made available to shareholders to type in their questions during the webcast. The Company's Board of Directors shall only address substantial and relevant questions relating to the AGM.

(9) Personal Data Privacy

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and / or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and / or guidelines.

(10) Important reminder

Due to the Covid-19 situation in Singapore, the Company may be required to change the arrangements for the AGM at short notice. Members should check for the Company's announcement on the SGXNet for any changes to the status of the AGM.

(11) Key dates/deadlines: In summary, the key dates/deadlines which shareholders should take note of are set out in the table below:

Key dates	Actions
15 April 2022, 10.00 am	Deadline for shareholders to submit questions in relation to the agenda of the AGM
18 April 2022, 5.00 pm	Deadline for CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to approach their respective CPF Agent Banks or SRS Operators to submit their votes.
25 April 2022, 10.00 am	Deadline for: ● Pre-registration at https://online.meetings.vision/isetan-agm-registration for live audio-visual webcast/live audio broadcast of the AGM proceedings ● Receipt of Proxy Forms
27 April 2022, 10.00 am	Authenticated shareholders should have received an email which will contain user ID and password details, as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live-audio only broadcast of the AGM proceedings. Shareholders who have pre-registered by the deadline of 10.00 am on 25 April 2022 but do not receive the confirmation email should contact the Company at Tel: 67328866 Ext 334 or email to: CorporateAffairs@isetan.com.sg.
28 April 2022, 10.00 am	Follow the link in the Confirmation Email and enter the user ID and password to access the live audio-visual webcast of the AGM proceedings; or Call the toll-free telephone number in the Confirmation Email to access the live audio-only broadcast of the AGM proceedings.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Mr. Victor Yeo Chuan Seng and Mr. Satoru Tanaka are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 28 April 2022 ("**AGM**") under Ordinary Resolutions 2 and 3 as set out in the Notice of AGM dated 6 April 2022.

Pursuant to Rule 720(6) of the Listing Manual of the SGX-ST, the information relating to the Directors proposed to be re-elected as set out in Appendix 7.4.1 to the Listing Manual of the SGX-ST is set out below:

Name of Director	**Victor Yeo Chuan Seng**	**Satoru Tanaka**
Date of Appointment	1 July 2015	21 May 2021
Date of Last Re-appointment (if applicable)	19 June 2020	–
Age	58	58
Country of principal residence	Singapore	Japan
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Mr. Yeo's credentials and experience and approved the appointment of Mr. Yeo as a Non-Executive Independent Director of the Company.	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Mr. Tanaka's credentials and experience and approved the appointment of Mr. Tanaka as a Non-Executive Non-Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No.	No.
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Lead Independent Director.	Non-Independent Non-Executive Director of the Company.
Professional qualifications	Please refer to Mr. Yeo's profile on page 12 of the Annual Report.	Please refer to Mr. Tanaka's profile on page 11 of the Annual Report.
Working experience and occupation(s) during the last 10 years	1992 to present: Associate Professor in the Nanyang Business School, Nanyang Technological University. Currently, he is the Associate Provost (Student Life). 2009 to present: Associate Director, Aptus Law Corporation.	2012 to 2015: Sales Division Manager of Mitsukoshi Nihonbashi Main Store. 2015 to 2018: Executive Officer and Store Management Manager of Isetan Mitsukoshi Food Service Ltd. 2018 to 2020: Executive Officer and General Manager of Food & Restaurant Merchandising Department of Department Store Business Planning & Operation HQ of Isetan Mitsukoshi Ltd. 2020 to 2021: Managing Executive Officer and Store Manager of Isetan Shinjuku Store Merchandising HQ of Isetan Mitsukoshi Ltd. 2021 to present: Managing Executive Officer and General Manager of Overseas Business Promotion Department of Isetan Mitsukoshi Holdings Ltd.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Name of Director	Victor Yeo Chuan Seng	Satoru Tanaka
Shareholding interest in the listed issuer and its subsidiaries	1,000	Nil
Any relationship (including immediate family relationship) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries.	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other principal commitments including directorships		
Past (for the last 5 years)	Please refer to page 115.	Please refer to page 115.
Present	Please refer to page 12.	Please refer to page 11.
General Statutory Disclosures (items (a) to (k) of Appendix 7.4.1)	No change in the information of Mr. Yeo as previously announced on 9 June 2015.	No change in the information of Mr. Tanaka as previously announced on 21 May 2021.
Any Prior experience as a Director of a Listed Company on the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director
Attended or will be attending training on the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange?	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.
Please provide details of relevant experience and the nominating committee's reasons for not requiring the director to undergo training as prescribed by the Exchange (if applicable).	Not applicable. This is a re-election of a director.	Not applicable. This is a re-election of a director.

ISETAN (SINGAPORE) LIMITED

PROXY FORM

IMPORTANT:

1. The Annual General Meeting ("AGM") is being convened, and will be held, by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 3) Order 2020. The Notice of AGM will also be made available on the SGX website at the URL https://www.sgx.com/securities/company-announcements.
2. As the AGM will be held by electronic means, members will not attend the AGM in person. A member (whether individual or corporate) must appoint the Chairman of the Meeting as his/her/its proxy to attend, speak and vote on his/her/its voting rights at the AGM if such member wishes to exercise his/her/its voting rights at the AGM
3. CPF/SRS investors who wish to appoint the Chairman of the Meeting as proxy should approach their respective CPF Agent Banks or SRS Operators to submit their votes by 18 April 2022, 5.00 pm.
4. By submitting an instrument appointing the Chairman of the Meeting as proxy, the shareholder accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 6 April 2022.

Annual General Meeting to be held by electronic means on 28 April 2022 at 10.00 a.m. *(Before completing this form please see notes overleaf)*

I/We, ______________________________ (NRIC No./Passport No: ______________)

of ____

being a member/members of the above named Company hereby appoint the Chairman of the Meeting as my/our proxy to attend/speak and vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held by electronic means on Thursday, 28 April 2022 at 10.00 a.m. and at any adjournment thereof in the manner indicated below:

No.	Resolution	For	Against	Abstain
1	Adoption of Directors' Statement and Accounts			
2	Re-election of Mr. Victor Yeo Chuan Seng as Director			
3	Re-election of Mr. Satoru Tanaka as Director			
4	Declaration of Final Dividend of three cents per ordinary share, tax exempt (1-tier)			
5	Approval of Directors' Fees for the financial year ending 31 December 2022 of up to S$165,000/-			
6	Re-appointment of PricewaterhouseCoopers LLP as Auditors and authorise the Directors to fix their remuneration			

Voting will be conducted by poll. If you wish the Chairman of the Meeting as your proxy to cast all your votes "For" or "Against" a resolution, please indicate with an "X" in the "For" or "Against" box provided in respect of that resolution. Alternatively, please indicate the number of votes "For" or "Against" in the "For" or "Against" box provided in respect of that resolution. If you wish the Chairman of the Meeting as your proxy to abstain from voting on a resolution, please indicate with an "X" in the "Abstain" box provided in respect of that resolution. Alternatively, please indicate the number of shares the Chairman of the Meeting as your proxy is directed to abstain from voting in the "Abstain" box provided in respect of that resolution. In the absence of specific directions in respect of a resolution, the appointment of the Chairman of the Meeting as your proxy for that resolution will be treated as invalid.

Signed this __________ day of ____________________ 2022

Total Number of Shares in	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature(s) of Shareholder(s)
(Please see overleaf for Notes)

Notes:

(1) The Annual General Meeting ("**AGM**") will be held wholly by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, and as amended by COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) (Amendment No. 3) Order 2020.

(2) The following alternative arrangements have been put in place by the Company to allow shareholders to participate in the AGM:

a. **Live Audio-visual Webcast/Live Audio-only Stream:** The AGM will be conducted by way of electronic means and there will be no personal attendance at the AGM. Members will be able to watch the AGM proceedings through a live audio-visual webcast or live audio-only broadcast.

b. **Online Pre-registration: T**o do so, members and investors who hold shares of the Company through the Central Provident Fund ("CPF") and/or the Supplementary Retirement Scheme ("SRS") who wish to follow the proceedings of the AGM through the Live Audio-visual Webcast or live audio-only stream must pre-register at https://online.meetings.vision/isetan-agm-registration not later than 10.00 a.m. on 25 April 2022.

Upon successful pre-registration, each authenticated person will receive an email by 10.00 a.m. on 27 April 2022. The email will contain the login instructions to access the audio-visual webcast or audio-only broadcast of the AGM proceedings. Members (or corporate representatives) who have pre-registered but do not receive an email by 10.00 a.m. on 27 April 2022 are advised to contact the Company at Tel: 6732 8866 extension 334 or email to CorporateAffairs@isetan.com.sg.

(3) **Voting solely via appointing Chairman as Proxy:** Shareholders may only vote at the AGM by appointing the Chairman as proxy to vote on their behalf. Duly completed Proxy Forms must be deposited at the Company's Registered Office at 593 Havelock Road, #04-01 Isetan Office Building, Singapore 169641 not less than 72 hours before the time set for holding the above meeting.

In view of the current Covid-19 situation, shareholders may alternatively send the completed proxy form via email to the Company at CorporateAffairs@isetan.com.sg to reach the Company not less than 72 hours before the time set for holding the above meeting.

Investors who hold shares through Relevant Intermediaries (including CPF/SRS Investors): Investors (including CPF/SRS investors) should not make use of the proxy form and instead approach their respective relevant intermediary to specify voting instructions. CPF/SRS investors who wish to vote should approach their respective CPF Agent Bank / SRS operator) by 18 April 2022, 5.00 pm to ensure their votes are submitted. Investors who have deposited their shares into a nominee account should also approach their depository agent and relevant intermediaries by 18 April 2022, 5.00 pm.

(4) The instrument appointing the Chairman of the Meeting as proxy must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing the Chairman of the Meeting as proxy is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where an instrument appointing the Chairman of the Meeting as proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company), if the instrument appointing the Chairman of the Meeting as proxy is submitted by post, be lodged with the instrument of proxy or, if the instrument appointing the Chairman of the Meeting as proxy is submitted electronically via email, be emailed with the instrument of proxy, failing which the instrument may be treated as invalid.

(5) A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act.

(6) The Company shall be entitled to reject the instrument appointing the Chairman of the Meeting as proxy if it is incomplete, improperly completed or illegible or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing the Chairman of the Meeting as proxy.

(7) In the case of members whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing the Chairman of the Meeting as proxy lodged or submitted if such members are not shown to have shares entered against their names in the Depository Register 72 hours before the time appointed for holding the Meeting as certified by The Central Depository (Pte) Limited to the Company.

(8) Questions relating to the Agenda of the Meeting

Members may submit any questions in advance that they wish for the Company to consider addressing during the Meeting by post or emailing such questions to the address as shown in paragraph 3 above, addressed to the "Chairman of the Meeting". Members or their Corporate Representative who are pre-registering for the audio-visual webcast or audio-only broadcast may also pose their questions in the link during the pre-registration process. All questions, sent by any of the above means, must reach the Company no later than 10.00 am on 15 April 2022. Members must provide their full name and identification number together with their contact numbers and email addresses when submitting questions by any of the above means.

The Company's Board of Directors shall only address substantial and relevant questions (as may be determined by the Company in its sole discretion) received from members prior to the cut-off time stated above. The answers to such questions will be announced on the SGXNet and posted on the Company's website by 22 April 2022, 10.00 am.

Members who participate in the AGM will also be able to ask questions "live" via a "chatbox" which would be made available to shareholders to type in their questions during the webcast. The Company's Board of Directors shall only address substantial and relevant questions relating to the AGM.

(9) Personal Data Privacy

By submitting an instrument appointing the Chairman of the Meeting to attend, speak and vote at the AGM and / or any adjournment thereof, a member of the Company consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of the appointment of the Chairman of the Meeting as proxy for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, take-over rules, regulations and / or guidelines.

(10) Important reminder

Due to the Covid-19 situation in Singapore, the Company may be required to change the arrangements for the AGM at short notice. Members should check for the Company's announcement on the SGXNet for any changes to the status of the AGM.

(11) Key dates/deadlines: In summary, the key dates/deadlines which shareholders should take note of are set out in the table below:

Key dates	Actions
15 April 2022, 10.00 am	Deadline for shareholders to submit questions in relation to the agenda of the AGM
25 April 2022, 10.00 am	Deadline for: ● Pre-registration at https://online.meetings.vision/isetan-agm-registration for live audio-visual webcast/live audio broadcast of the AGM proceedings ● Receipt of Proxy Forms
27 April 2022, 10.00 am	Authenticated shareholders should have received an email which will contain user ID and password details, as well as the link to access the live audio-visual webcast and a toll-free telephone number to access the live-audio only broadcast of the AGM proceedings. Shareholders who have pre-registered by the deadline of 10:00 am on 25 April 2022 but do not receive the confirmation email should contact the Company at Tel: 67328866 Ext 334 or email to: CorporateAffairs@isetan.com.sg.
28 April 2022, 10.00 am	Follow the link in the Confirmation Email and enter the user ID and password to access the live audio-visual webcast of the AGM proceedings; or Call the toll-free telephone number in the Confirmation Email to access the live audio-only broadcast of the AGM proceedings.

CORPORATE DIRECTORY

OUR STORES

Isetan Scotts
Shaw House
350 Orchard Road
Singapore 238868
Tel: 6733 1111
Fax: 6734 7083

Isetan Tampines
Tampines Mall
4 Tampines Central 5
Singapore 529510
Tel: 6788 7777
Fax: 6781 7773

Isetan Serangoon Central
nex Mall
23 Serangoon Central
Singapore 556083
Tel: 6363 7777
Fax: 6634 9959

INVESTMENT PROPERTIES

Isetan Wisma Atria
Wisma Atria
435 Orchard Road
Singapore 238877
Tel: 6733 7777
Fax: 6733 9438

Warehouse*
5 Kallang Pudding Road #01-03
Singapore 349309
Tel: 6746 7552
Fax: 6746 9220

*partly classified as investment property.

HEADQUARTERS

Isetan (Singapore) Limited

Isetan Office Building
593 Havelock Road
#04-01 Isetan Office Building
Singapore 169641
Tel: 6732 8866
Fax: 6736 0913

Warehouse*
5 Kallang Pudding Road #01-03
Singapore 349309
Tel: 6746 7552
Fax: 6746 9220

ASSOCIATE

Chengdu Isetan Company Limited
Isetan Chengdu Office
6 Da Ke Jia Lane
Block B, Lido Plaza, 8th Floor
Chengdu, Sichuan Province
People’s Republic of China

SINGAPORE
Company Registration No: 197001177H

593 Havelock Road #04-01
Isetan Office Building, Singapore 169641
Telephone : (65) 6732 8866
Website : www.isetan.com.sg
Email : isetansin@isetan.com.sg