ISETAN SINGAPORE

ANNUAL REPORT 2023

CONTENTS

OUR PHILOSOPHY

OUR VISION

Company that creates high quality and new lifestyles through unique sensibilities of Japan in Singapore

The first company that comes to mind when customers think of Japan.

1) To provide customers with unique and high-quality products and services that only Isetan can create.
2) To provide each employee with personalized growth opportunities.
3) Contribute to society through our business to enhance the value of the city and place.

OUR VALUES

- We are inspired by innovation, moved by beauty, and motivated to share our experience.
- We welcome everyone with warm smiles and positive attitudes to delight and impress.
- We co-create with exceptional talent to realise dynamic ideas and innovations.
- We inform our decisions with facts, experience, and instinct to create unique solutions.
- We always act with integrity and sincerity, and fulfill our responsibilities to society.
- We fearlessly challenge norms and strive to reinvent the future.

OUR MISSION

Touching people's hearts with human-driven experiences.

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. This marks the penetration by Isetan (Singapore) Limited (the "**Company**") 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.

2022 Phase One of the renovation in Isetan Serangoon Central completed.

2023 Renovation of Isetan Serangoon Central 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,

COMPANY PERFORMANCE

With the Covid-19 pandemic declared as endemic and as all economic activities in Singapore resumed, the Singapore economy grew by 1.1% in 2023 as compared to 2022. While this has benefitted the travel-related industries, the retail industry faced challenges due to the divergence of resident spending towards outbound travelling and the knock-on effects of a stronger Singapore currency which has prompted more spending overseas. The high interest rate environment also affected consumers' disposable income due to higher mortgage servicing burdens. Against this backdrop, the Company's sales of goods and consignment income collectively registered a decrease of 4.80% for the financial year ended 31 December 2023 ("FY2023") as compared to the financial year ended 31 December 2022 ("FY2022"). The decline was mitigated by an increase of 3.61% in gross rental income in FY2023 over FY2022. Meanwhile, other income registered an increase of 43.48% in FY2023 over FY2022 mainly due to higher interest income from financial assets measured at amortised cost.

In FY2023, combined expenses relating to employee compensation, depreciation, rental and service charge expense, interest expense, and other expenses registered a 2.39% decrease over FY2022. However, this was negated by the impairment charge of $5.928 million and $3.095 million for the right-of-use assets and property, plant, and equipment respectively. Including the share of results of an associate of $1.416 million, the Company registered a loss after tax of $1.159 million in FY2023 as compared to a profit after tax of $1.349 million in FY2022.

BUSINESS SEGMENT PERFORMANCE

Due to the higher impairment charges in FY2023 over FY2022, the retail segment registered a loss of $10.106 million in FY2023 as compared to a loss of $3.700 million in FY2022. Similarly, the performance of our property segment which consists of our Isetan Wisma Atria and Kallang Pudding Warehouse investment properties decreased from $4.825 million in FY2022 to $4.336 million in FY2023. Despite the higher operating lease income from Isetan Wisma Atria, higher operating expenses such as utilities and maintenance resulted in lower results from this segment.

TOSHIFUMI HASHIZUME
Chairman

BUSINESS OUTLOOK

The Singapore government has forecast 2024 economic growth to come in at 1.0% to 3.0%. In a separate quarterly survey of private-sector economists released by the Monetary Authority of Singapore on March 13, the Republic's Gross Domestic Product growth for 2024 was projected at 2.4%. However, the growth outlook should be tempered for the retail industry due to inflationary pressures faced by consumers who may choose to reduce discretionary spending. Furthermore, the higher goods and services tax and inflationary-driven costs in rentals, logistics, labour, and energy will be key factors weighing on retail business performance. That said, the resilient labour market conditions and expected interest rate cuts later in the year which is expected to increase disposable income may provide some respite. In addition, new public housing units near our sub-urban stores will also present opportunities for us to cater to the needs and wants of the new residents.

MOVING FORWARD

Retail segment

The Company will continue to monitor the impact of the external factors mentioned above and adjust its sales, merchandising and marketing programmes accordingly. The increasing penetration of e-commerce is another challenge to the Company's revenue stream and it plans to gradually reintroduce its online business which has been suspended since June 2023. The online business is another channel for the Company to reach out to customers and would be complementary to its core business of operating retail stores.

Another emerging trend is the post-pandemic shift towards greater work flexibility. According to the Singapore government, the extent of flexible work arrangements in Singapore has settled above their pre-pandemic levels. With more people working from home in a week, consumer buying patterns have changed and the Company will continue to closely monitor the impact of this trend on its store operations and make the necessary adjustments.

Property segment

As at the end of 2023, our two investment properties have achieved full occupancy. With a few tenancies due for renewal in 2024, the Company is targeting to keep these premises fully tenanted and their revenue stream stable. Notwithstanding these, the rental income may continue to be adversely affected by higher operating expenses such as utilities, asset replacement, and fire-safety compliance-related expenditure.

APPRECIATION

On behalf of the Board, I am grateful for the continuous support of our stakeholders which include our customers, staff, suppliers, business associates and shareholders. I would like to thank my fellow directors for their invaluable counsel, and to all employees for their perseverance over the past year. The Company looks forward to the continued support of all stakeholders in the new financial year.

Thank you.

TOSHIFUMI HASHIZUME
CHAIRMAN
29 March 2024

MANAGEMENT DISCUSSION OF

RESULTS OF OPERATIONS AND FINANCIAL POSITION

For the year ended 31 December 2023

Isetan commenced its business in Singapore on 31 January 1972 catering to a wide spectrum of customers. Currently, our flagship Isetan Scotts Store and Isetan Wisma Atria investment property are in the heart of the Orchard Road shopping belt, while our two other stores are in the suburbs. Our new Company vision is to create high quality and new lifestyles through unique sensibilities of Japan in Singapore. Thus, with the help of our holding company in Japan, we will continue to bring in new products and promotions from Japan that help to create new experiences for our customers which help differentiate us from our competitors. Since 2015, we have also broadened our revenue stream with our property leasing business where we proactively unlock value of our property assets. To stay ahead, the Company will continue to study emerging market trends and identify revenue-generating opportunities.

RETAIL BUSINESS

OUR FLAGSHIP STORE (ISETAN SCOTTS)

Our flagship Scotts store is located at Shaw House and a major renovation was completed in 2020. The Ladies Sundries, Ladies Wear and Men's Departments were re-designed, with new Food and Beverage concepts introduced to add excitement and variety to the store. After the renovation, we have continued to bring in new offerings such as the Bedding Gallery and Lauren by Ralph Lauren with a focus on key events to drive sales. 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. In conjunction with our major renovation, the landlord also took steps to enhance certain aspects of the building to draw in more customers.

SUBURBAN REACH

(ISETAN TAMPINES AND ISETAN SERANGOON CENTRAL)

Our Isetan Tampines store was opened in 1995 and is situated at the Tampines Regional Centre which is a popular shopping destination for the residents and office workforce in that area.

Our retail footprint in the suburban areas was further increased with the opening of our Isetan Serangoon Central store in 2010. Spanning three floors within the NEX shopping mall, it offers a wide variety of merchandise ranging from cosmetics and fashion wear to other family-oriented items. The store has undergone a major renovation that commenced in the fourth quarter of 2022 to refresh its merchandise content. The entire renovation was completed at the end of April 2023 and the store is looking to attract customers from the new housing estate nearby.

Isetan Scotts (Flagship Store)

Isetan Tampines

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 discontinuation of our own retailing activities at this store in March 2015. Following that, we have converted the space into an investment property to generate 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 (PARTIALLY CLASSIFIED AS INVESTMENT PROPERTY)

Our Kallang Pudding warehouse was purchased to support our retail operations. We have gradually consolidated the space needed to support our retail operations and partially leased out the warehouse to generate rental income. From 2019, the property has been partially 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 2023

OUR EMPLOYEES

Our workforce is our key asset, and we invest in them by sending them for in-house and external training programmes to upgrade their skill sets. In this regard, we have continued to send our retail store front-line staff to a course relating to "Customer Experience Innovation" conducted by the Singapore Institute of Retail Studies. One batch of our support Administration staff was also sent to attend work-improvement courses conducted by the NTUC Learning Hub.

Separately, some of our Department Sales Managers attended courses relating to "Omni Channel Management", "Customer Experience" and "Communications" while some of our Merchandisers attended a course relating to "Retail Merchandising" and analytics, both of which were conducted by the Nanyang Polytechnic.

ANALYSIS OF COMPANY PERFORMANCE

	2023 $'000	2022 $'000
Revenue*	**84,277**	87,620
Other income	**6,303**	4,393
Total other (losses)/gains	**(193)**	61
Net (Loss)/Profit before income tax	**(1,159)**	1,349
Income tax expense	**-**	-
Net (Loss)/Profit after tax	**(1,159)**	1,349
Net (Loss)/Earnings Per Share (cents)	**(2.81)**	3.27
Return on Equity	**(1.09%)**	1.25%
Dividend paid per share (cents)	**Nil**	3.0

*Revenue consists of:	2023 $'000	2022 $'000
Sale of goods	**41,901**	43,493
Consignment income	**31,719**	33,841
Rental income – investment properties	**10,657**	10,286
Less: Government grant expense – rent concessions	**-**	(164)

RETAIL

The Company's retail segment is divided into sales of goods and consignment income. In FY2023, these items registered a decline of 3.66% and 6.27% respectively as compared to FY2022. The lower than expected sales figures has resulted in the Company having to re-assess its retail revenue prospects moving forward, leading to a higher impairment charge for right-of-use assets and property, plant and equipment for FY2023. This also led to the segment incurring a loss of $10.106 million in FY2023 as compared to a loss of $3.700 million in FY2022.

External factors that may have contributed to this include the impact of more Singaporeans travelling overseas following the pent-up demand for travel, and the strong Singapore currency paired with the high interest rate environment and inflationary pressures during the period under review. The year-end festive season which are traditionally high points for retailers' sales calendar was underwhelming. Data from the Singapore government's Department of Statistics revealed that retail sales (excluding motor vehicles) for December 2023 declined 5.8% and 2.9% year-on-year for Department Stores and Supermarkets & Hypermarkets respectively. The retail sector as a whole registered a decline of 2.7% year-on-year for retail sales (excluding motor vehicles) for December 2023. Our sales performance for the last quarter was likewise impacted. Tourist arrivals and major events held in Singapore did not have a significant impact on our revenue as the bulk of our sales relies on local consumer spending. The stronger Singapore dollar may also be a factor in discouraging most tourists from spending on high value items while in Singapore. Moreover, the high interest rate environment and inflationary pressure in Singapore may have also impacted discretionary spending for local consumers.

PROPERTY

The property segment derives its revenue from investment properties, namely Isetan Wisma Atria and our warehouse building in Kallang Pudding. Rental income increased from $10.286 million in FY2022 to $10.657 million in FY2023 mainly due to new operating lease income from Isetan Wisma Atria. However, the higher operating expenses weighed on the segment's performance which amounted to $4.336 million in FY2023 as compared to $4.825 million in FY2022.

INVESTMENT ACTIVITIES

	2023 $'000	2022 $'000
Dividend and Interest Income	**3,180**	1,942

Our holdings in bonds decreased from $27.326 million as at the end of FY2022 to $26.383 million as at the end of FY2023. The reduction was mainly due to placing the proceeds from bonds which had matured into Fixed Deposits, in line with the more prudent approach that the Company has adopted since the Covid-19 pandemic. With the high interest environment, our holdings in cash and cash equivalents generated higher interest income of $1.862 million in FY2023 as compared to $0.693 million in FY2022. The interest generated by our bond holdings increased from $0.825 million in FY2022 to $0.953 million in FY2023 due to higher yielding bonds during the year. Overall, the interest income earned in FY2023 increased by 70.21% compared to FY2022. Our holdings in Financial Assets, at fair value through other comprehensive income ("FVOCI") received dividends that decreased slightly from $156,000 in FY2022 to $140,000 in FY2023. There was no disposal of FVOCI during FY2023.

BUSINESS CONDITIONS AND TRENDS

The Singapore government has forecast that the economy will grow by 1.0% to 3.0% in 2024. However, the retail segment faces challenge from inflationary pressures, the impact from the increased goods and services tax, and higher costs in rental, labour and logistics which may impact consumer spending. For our property segment, a few tenancies will be up for renewal, and we are targeting to maintain full occupancy rates at our investment properties. According to reports from real estate firms, Orchard Road prime retail rental growth is poised to continue outpacing other submarkets in 2024 due to a fuller recovery in leisure travel and lesser availability of prime spaces. With the bulk of our 2024 tenancy renewals happening in our Isetan Wisma Atria property and Isetan Scotts store, we expect our rental revenue and income from the respective premises to achieve our desired rental rates.

CASH POSITION

Cash and cash equivalents decreased from $74.542 million as at the end of 2022 to $69.833 million as at the end of 2023. The decrease was mainly due to the net losses incurred and less cash generated from operations.

BOARD OF DIRECTORS

TOSHIFUMI HASHIZUME
(Chairman)

Academic and Professional qualifications		Directorship
Bachelor of Economics, Chuo University (Japan).		**Date first appointed:** *1 August 2023*
Present Directorships in listed companies (as at 31 December 2023)	Other Principal Commitments (as at 31 December 2023)	Past Directorships in other listed companies over the preceding three years
Isetan (Singapore) Limited	• Advisor, Overseas Business Management Department, Isetan Mitsukoshi Holdings Ltd.	Nil

Mr. Hashizume joined Isetan Company Limited (Japan) in 1983 where he held senior positions in Sales and Merchandising. He was also the Executive Officer and General Manager of Women's and Gentlemen's Department Store at Tokyu Department Store from 2011 to 2016, as a secondment from Isetan Mitsukoshi Ltd. He assumed the position of Managing Director of Isetan (Singapore) Limited from 2016 to 2020. He is currently an Advisor at the Overseas Business Management Department at Isetan Mitsukoshi Holdings Ltd.

SHIOJI HIRAMATSU
(Managing Director)

Academic and Professional qualifications		Directorship
Bachelor of Economics, Sophia University (Japan).		**Date of appointment as Managing Director:** *30 May 2022* **Date last re-elected:** *28 April 2023*
Present Directorships in listed companies (as at 31 December 2023)	Other Principal Commitments (as at 31 December 2023)	Past Directorships in listed companies over the preceding three years
Isetan (Singapore) Limited	Nil	Nil

Mr. Hiramatsu joined Isetan Company Limited (Japan) in 1991 and his experience during the earlier years of his career include holding Managerial positions in Isetan of America, Retail Properties Management Department, Corporate Planning Department and General Affairs Department. His senior appointments include being the Planning Leader in various business functions, General Manager (Structural Reform Promotion Division), and General Manager (Group General Affairs Division). Prior to his appointment as Managing Director of Isetan (Singapore) Limited, he was the President of Isetan Mitsukoshi Human Solutions.

ASSOCIATE PROFESSOR
VICTOR YEO CHUAN SENG
(Lead Independent Director)

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:** *28 April 2022*
Present Directorships in listed companies (as at 31 December 2023)	Other Principal Commitments (as at 31 December 2023)	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 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 and Public Service Administration Medal (Silver) in 2022. Throughout his academic career, Professor Yeo has also served as trainer, advisor and consultant to numerous organizations 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. His areas of professional expertise are in corporate law, governance and securities regulation.

He is a Fellow of the Singapore Institute of Directors.

LIM BEE CHOO
(Independent Director)

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 2023*
Present Directorships in listed companies (as at 31 December 2023)	Other Principal Commitments (as at 31 December 2023)	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. She has also sat on their local/regional management committees.

BOARD OF DIRECTORS

RICHARD TAN CHUAN-LYE
(Independent Director)

Academic and Professional qualifications		Directorship
Master of Business Administration, Henley Business School, University of Brunel London, United Kingdom **Fellow Member, Institute of Singapore Chartered Accountants** **Senior Accredited Director, Singapore Institute of Directors** **Fellow Member, The Association of Chartered Certified Accountants (United Kingdom)**		**Date first appointed:** *1 February 2019* **Date last re-elected:** *28 April 2023*
Present Directorships in listed companies (as at 31 December 2023)	Other Principal Commitments (as at 31 December 2023)	Past Directorships in other listed companies over the preceding three years
• Isetan (Singapore) Limited • First REIT Management Limited • Heeton Holdings Limited	• Adjunct Associate Professor, NUS Business School. • Independent Director, Synapxe Pte Ltd. • Independent Advisory Member, of Asia Advisory Board of EFG Bank AG. • Independent Director, Sompo Insurance (Singapore) Pte Ltd. • Independent Director, Berjaya Sompo Insurance Berhad • Non-Executive Director, Meranti Power Pte Ltd • Non-Executive Director, Science Centre Board • Non-Executive Director, All Saints Home • Chairman of Board of Trustees, The Brash Trust • Member of the Audit Committee, Agency for Science, Technology & Research (A*Star). • Member of Singapore Heart Foundation • Member of Crescent Girls' School Advisory Committee	Nil

Mr Tan is an Adjunct Associate Professor with the NUS Business School, National University of Singapore. He is an Independent Director at three companies listed on the Singapore Exchange and holds other appointments in various private and government entities, and charitable organisations.

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.

CARMEN WEE
(Independent Director)

Academic and Professional qualifications		Directorship
Bachelor of Arts, National University of Singapore. **Graduate Diploma in Personnel Management,** Singapore Institute of Management **Master in Organisational Leadership,** Regent University, VA **Pioneer HR Master Professional, Institute of HR Professionals** **Accredited Senior Board Director, Singapore Institute of Directors**		**Date first appointed:** *1 October 2023*
Present Directorships in listed companies (as at 31 December 2023)	Other Principal Commitments (as at 31 December 2023)	Past Directorships in other listed companies over the preceding three years
Isetan (Singapore) Limited	• Founder and CEO of Carmen Wee and Associates • Board member, Workforce Singapore • Board member, Home Team Science and Technology Agency • Board member, School of Business, Republic Polytechnic	Nil

Ms. Wee is an accomplished global business HR Leader with over 25 years of international business experience, driving large-scale business transformation and change management within fast-growing companies with multiple, complex mergers and acquisitions. She has expertise in creating new HR transformation roadmaps, operating models, redefining skills and competencies for corporate agility, executed multiple progressive HR practices and aligned HR strategies to the business objectives. She is a Board Member in several Government, Educational and Professional domains.

DIRECTOR WHO STEPPED DOWN DURING THE FINANCIAL YEAR 2023:

SATORU TANAKA

Academic and Professional qualifications		Directorship
Bachelor of Education, Waseda University (Japan).		**Date first appointed:** *21 May 2021* **Date last re-elected:** *28 April 2022* **Date stepped down:** *1 August 2023*
Present Directorships in other listed companies (as at 31 December 2023)	Other Principal Commitments (as at 31 December 2023)	Past Directorships in listed companies over the preceding three years
Nil	• President and CEO of Nagoya Mitsukoshi Ltd.	Isetan (Singapore) Limited

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, Managing Executive Officer and Store Manager of Isetan Shinjuku Store Merchandising Headquarters of Isetan Mitsukoshi Ltd, and Managing Executive Officer and General Manager of Overseas Business Promotion Department of Isetan Mitsukoshi Holdings Ltd. He was most recently the President and CEO of Nagoya Mitsukoshi Ltd until his recent passing in February 2024. The Company extends its condolences to the family of Mr. Tanaka and puts on record its appreciation for his contributions and service as past Chairman of the Board of Directors of Isetan (Singapore) Limited.

KEY
EXECUTIVES' PROFILES

As at 31 December 2023

KATSUMASA MURAMATSU
General Manager (Sales and Merchandising)

Mr. Muramatsu joined Isetan Company Limited (Japan) in 1994 where he held various appointments in Sales and Merchandising in Isetan Company Limited and Isetan Mitsukoshi Ltd. Mr. Muramatsu joined Isetan (Singapore) Limited in April 2023 where he was appointed as the General Manager (Sales and Merchandising). He received his Bachelor of Arts in Business and Commerce from Keio University (Japan).

GERALD LIM WEE LEE
Assistant General Manager (Merchandising)

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
Assistant General Manager (Sales & Merchandising Planning)

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.

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 Hongkong Land Limited, City Development Limited and Far East Organization. She received her Bachelor of Business Administration from the University of Western Sydney.

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 Fellow member of the Associate of Chartered Certified Accountants (United Kingdom) and 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.

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.

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 Department, Head

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).

FOONG MUN LEONG
Finance Department, Head
Information Systems Department, Head

Mr. Foong joined the Company in 2021. He has experience in external audit since 2015. Prior to joining the Company, he was 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.

FINANCIAL PROFILE

	Year ended 31.12.2023 $'000	Year ended 31.12.2022 $'000	Year ended 31.12.2021 $'000	Year ended 31.12.2020 $'000	Year ended 31.12.2019 $'000
	Extracted from FY2023 Financial Statements	Extracted from FY2022 Financial Statements	Extracted from FY2021 Financial Statements	Extracted from FY2020 Financial Statements	Extracted from FY2019 Financial Statements
	Company level figures	Company level figures	Company level figures	Company level figures	Company level figures
	$'000	$'000	$'000	$'000	$'000
Operating results					
Revenue	**84,277**	87,620	85,804	77,160	111,885
(Loss)/Profit before income tax	**(1,159)**	1,349	2,156	(20,225)	(26,532)
Income tax expense	**-**	-	-	-	-
Net (Loss)/Profit	**(1,159)**	1,349	2,156	(20,225)	(26,532)
Total Assets					
Investment properties	**25,788**	28,260	30,511	32,851	35,290
Property, plant and equipment	**18,988**	23,062	23,899	24,683	26,432
Right-of-use assets	**5,803**	18,960	20,264	29,139	60,616
Financial assets, fair value through other comprehensive income	**3,388**	4,000	4,206	4,518	4,417
Other investments at amortised cost	**18,246**	22,086	24,390	29,996	49,429
Club memberships	**170**	170	170	170	205
Investment in an associate*	**1,416**	-	2,060	2,033	1,852
Rental deposits	**4,306**	3,811	3,811	5,232	5,525
Trade and other receivables	**760**	2,731	4,502	5,978	4,357
Current assets	**94,056**	94,829	89,782	79,293	78,038
	172,921	197,909	203,595	213,893	266,161

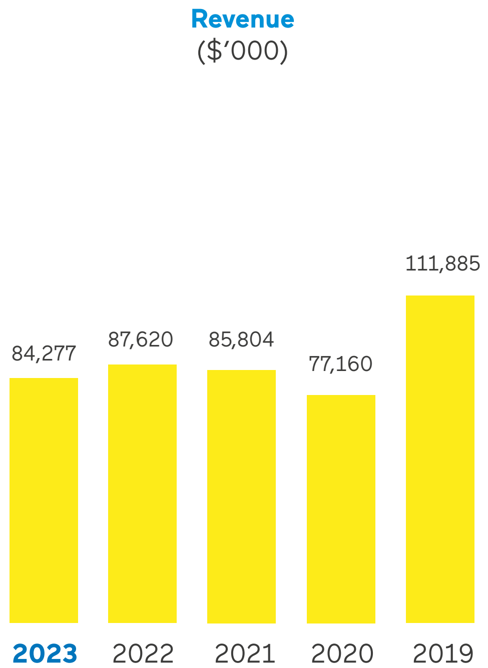
FINANCIAL PROFILE

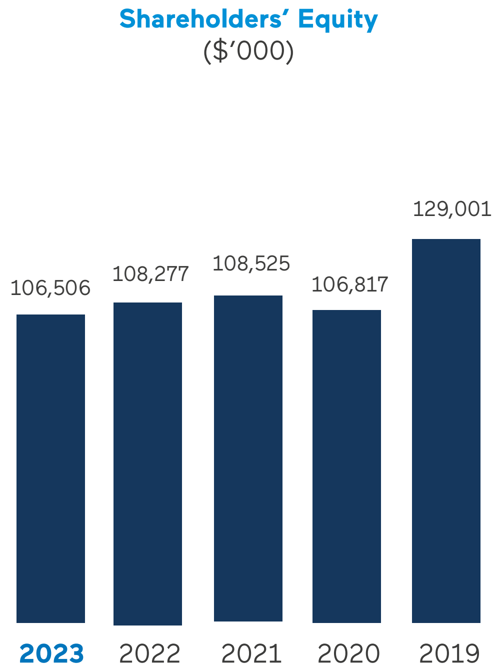
	Year ended 31.12.2023 $'000	Year ended 31.12.2022 $'000	Year ended 31.12.2021 $'000	Year ended 31.12.2020 $'000	Year ended 31.12.2019 $'000
Shareholders' Equity and Total Liabilities					
Shareholders' equity	**106,506**	108,277	108,525	106,817	129,001
Current liabilities	**49,141**	52,055	51,516	48,047	62,044
Non-current liabilities	**17,274**	37,577	43,554	59,029	75,116
	172,921	197,909	203,595	213,893	266,161
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	**716**	1,328	1,534	1,846	1,841
Currency translation reserve	**79**	79	120	35	(64)
Other reserves	**(42)**	(42)	70	291	291
(Accumulated losses)/Retained earnings	**(2,957)**	(1,798)	(1,909)	(4,065)	18,223
	106,506	108,277	108,525	106,817	129,001

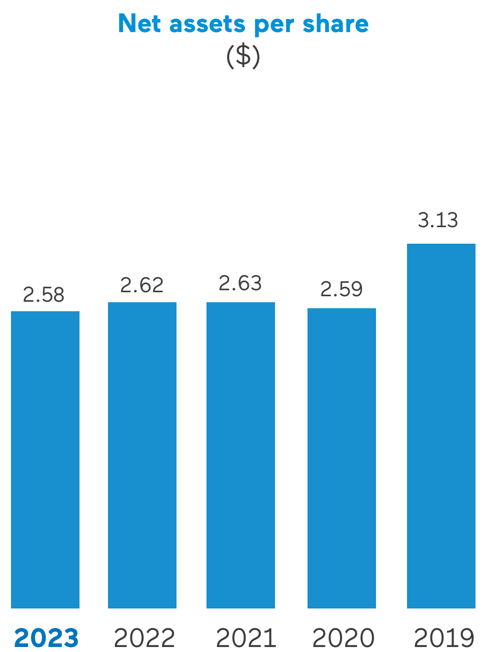
* The Company accounted for its investment in an associate in the financial statements using the equity method of accounting less impairment losses, if any.

(Loss)/Earnings per share (cents)	**(2.81)**	3.27	5.23	(49.03)	(64.32)
Dividend paid : Final Gross dividend per share (cents)					
- Ordinary	**0**	3.0	0	5.0	5.0
Net ($'000)	**0**	1,238	0	2,063	2,063
Net assets per share	**$2.58**	$2.62	$2.63	$2.59	$3.13

FINANCIAL PROFILE







CORPORATE INFORMATION

BOARD OF DIRECTORS

Toshifumi Hashizume
(Chairman)

Shioji Hiramatsu
(Managing Director)

Victor Yeo Chuan Seng
(Lead Independent Director)

Lim Bee Choo
(Independent Director)

Richard Tan Chuan-Lye
(Independent Director)

Carmen Wee Yik Cheng
(Independent Director)

REGISTERED OFFICE

Company Registration no. 197001177H
593 Havelock Road, #04-01
Isetan Office Building
Singapore 169641
Tel: (65) 6732 8866
Fax: (65) 6733 7424

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

COMPANY SECRETARY

Lun Chee Leong

REGISTRAR

In.Corp Corporate Services Pte Ltd
30 Cecil Street #19-08
Prudential Tower
Singapore 049712
Tel: 6990 8220

INDEPENDENT AUDITOR

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
7 Straits View, Marina One
East Tower, Level 12
Singapore 018936
Audit Partner: **Chua Wei Zhen**
(Appointed in 2023)

SUSTAINABILITY REPORT

BOARD STATEMENT

As the Board of Directors ("Board"), we are proud to present our annual sustainability report, reflecting our unwavering commitment to environmental stewardship, social responsibility, and ethical business practices at every level of our retail and investment property operations. Our seventh sustainability report meets the Singapore Exchange's ("SGX") "comply or explain" sustainability reporting standards. Isetan prioritises sustainability in its business strategy, and this report provides an impartial overview of our continuous efforts and accomplishments in this area.

At Isetan (Singapore) Limited (the "Company"), we recognise the profound impact our operations can have on the environment, society, and economy. As stewards of our business and community, we have embraced sustainability as a fundamental pillar guiding our decisions and actions.

Throughout the past year, we have implemented numerous initiatives aimed at reducing our carbon emissions, conserving resources, and promoting sustainable sourcing practices within our supply chain. From energy-efficient store designs to waste reduction programmes, every decision we make is guided by our dedication to environmental sustainability.

Furthermore, we remain deeply committed to upholding the highest standards of social responsibility. Whether it is through fair labour practices, diversity and inclusion initiatives, or community engagement, we strive to create a workplace that respects and empowers all individuals and endeavour to stay connected with our local community.

As we continue on our sustainability journey, we remain committed to transparency, accountability, and continuous improvement. We recognise that our efforts are only meaningful when measured against tangible outcomes, and we are dedicated to driving positive change within our organization and beyond. As such, we have assessed our goals and set new targets to improve sustainability performance.

We extend our gratitude to our stakeholders for their unwavering support and collaboration as we work together to build a more sustainable future for generations to come.

ABOUT THIS REPORT

About Isetan (Singapore) Limited

Isetan (Singapore) Limited, a subsidiary of Isetan Mitsukoshi Holdings Ltd headquartered in Tokyo, operates department stores and a supermarket in Singapore while leasing properties to tenants. Its retail division encompasses Isetan Scotts, a flagship store on Orchard Road, offering a diverse range of fashion, cosmetics, and family-oriented products, alongside our suburban outlets, namely Isetan Tampines and Isetan Serangoon Central. The company procures goods from both domestic and international suppliers and is not engaged in vertical integration. In property leasing, Isetan manages two investment property, Isetan Wisma Atria and a section of Kallang Pudding Warehouse, which generate rental revenue. It collaborates with upstream vendors for Mechanical and Engineering services to uphold building operational efficiency. In essence, Isetan is focused in retail and property management and is not involved in manufacturing its own products.

Reporting Scope and Period

This annual sustainability report covers the company's policies, practices, initiatives, performances, and goals in relation to material Environmental, Social and Governance ("ESG") factors for the financial year ended 31 December 2023 ("FY2023" or the "Reporting Period").

In setting the organisational boundaries for greenhouse gas ("GHG") accounting and reporting in this report, Isetan chose the operational control approach for consolidating GHG emissions, in accordance with the GHG Protocol Corporate Standard. This report covers the GHG emissions of our three stores (Isetan Scotts, Isetan Tampines, and Isetan Serangoon Central), as well as our investment properties in Singapore. To ensure consistency in our reporting boundary, our environmental performance is reported for the same facilities.

Reporting standard and assurance

This report has been prepared with reference to the Global Reporting Initiative ("GRI") 2021 Standards. The GRI has been selected as it is a globally recognised standard for sustainability reporting and is relevant to Isetan's business operations. This report complies with the sustainability reporting requirements set out in the Listing Manual of the Singapore Exchange Securities Trading Limited ("SGX-ST") (Rules 711A and 711B) and incorporates SGX-ST's enhanced disclosure requirements on climate-related information which were released in 2021. We have begun incorporating certain recommendations from the Task Force on Climate-related Financial Disclosures ("TCFD") into our reporting in FY2022.

We have not sought external assurance for this reporting period but may consider doing so in the future. However, our sustainability reporting process is subject to an internal review by our outsourced Internal Auditor.

Membership Associations

Singapore Retailers Association
Orchard Road Business Association
Japanese Chamber of Commerce and Industry Singapore
Singapore Business Federation

Feedback

We value stakeholder input in defining our sustainability approach and value, and we welcome any comments you may have regarding 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

Our approach to sustainability

As a part of the Isetan Mitsukoshi Group, Isetan considers it a duty to uphold fundamental principles such as integrity, trust, and accountability in our business endeavours. The essence of *omotenashi* culture embodies the Japanese approach to hospitality, emphasising wholehearted service and dedicated efforts to meet expectations. We are committed to embodying the *omotenashi* philosophy by attentively addressing the concerns and expectations of our stakeholders. In FY2023, we have bolstered our transparency efforts, demonstrating our commitment to sustainability as a pivotal aspect of our ongoing journey.

In FY2018, our ultimate holding parent company, Isetan Mitsukoshi Holdings Ltd, underwent a significant restructuring of the Group's approach to traditional corporate social responsibility ("CSR") activities, encompassing environmental initiatives, guided by the principles of ESG and the Sustainable Development Goals ("SDGs"). The objective is to achieve sustainable business management by addressing societal challenges and enhancing corporate value through strategic business operations led by senior management.

As a subsidiary of Isetan Mitsukoshi Holdings Ltd ("Isetan Mitsukoshi"), we align ourselves with our parent company's vision of transforming into a specialised retail group centred around department stores, aimed at elevating the satisfaction and well-being of our customers. We are dedicated to garnering strong support for high-sensitivity, high-quality consumption, proudly reflecting Japanese values and the capability to convey this perspective globally.

Isetan Mitsukoshi has also established various policies related to sustainability that we strive to uphold, including the Isetan Mitsukoshi Group Basic Policy on Sustainability, Isetan Mitsukoshi Group Standards of Corporate Ethical Behaviour, Isetan Mitsukoshi Group Human Rights Policy, Isetan Mitsukoshi Group Procurement Policy, and Isetan Mitsukoshi Group Environmental Policy.

Sustainability Governance at Isetan

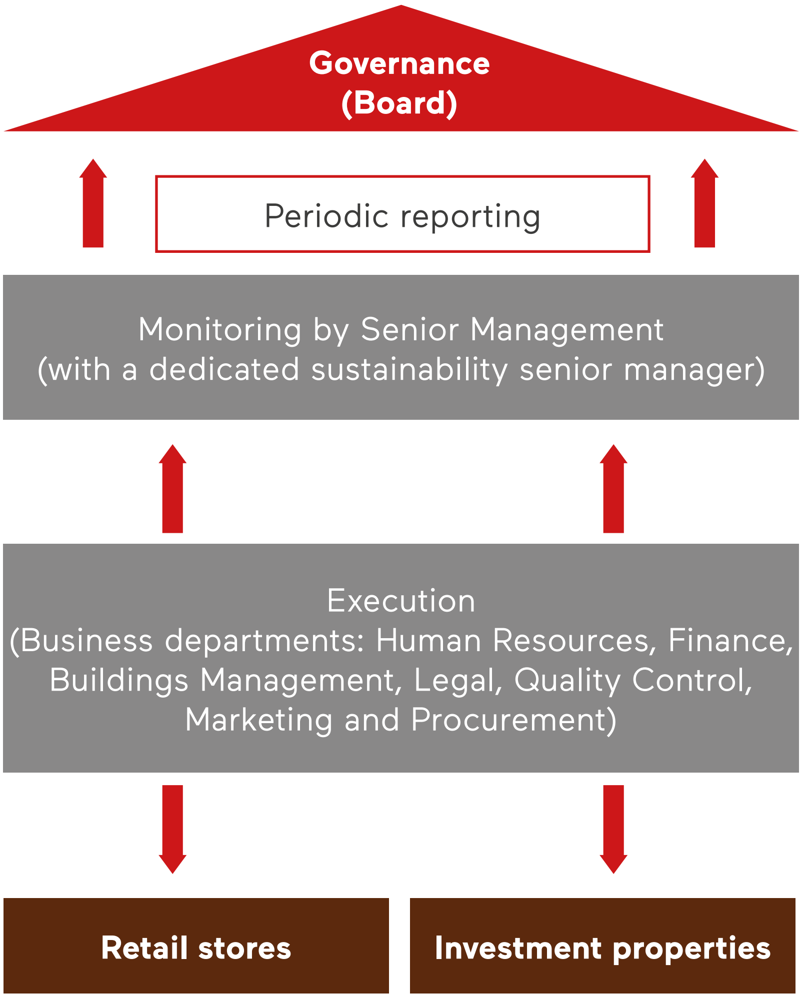
Sustainability governance at Isetan encompasses the operational areas responsible for monitoring the significant risks and opportunities within the organisation. These specific business functions directly report to senior management, who evaluate Isetan's sustainability performance and subsequently report to the Board. The Board, in turn, establishes the comprehensive strategic direction for the company's overarching sustainability strategy. Additionally, the Board is responsible for approving Isetan's sustainability disclosures and their contents.

SUSTAINABILITY REPORT

Furthermore, the Board oversees the management approach of the company's material ESG factors. With the support of the Audit and Risk Committee ("ARC"), the Board actively oversees the preparation of relevant reports, including the prioritization of material factors for the company.

Acknowledging the importance of continuous learning for directors, the Company actively promotes board members' enrolment in the Singapore Institute of Directors ("SID") and encourages their participation in SID courses and training offered by external entities provided by the company. Regular briefings are conducted to keep directors and the ARC informed about legal and regulatory developments pertinent to the company and its operations.

In FY2023, two members of the Board, namely the Chairman and the new Independent Director ("ID"), attended the requisite ESG module.



STAKEHOLDER ENGAGEMENT

At Isetan, we recognise the importance of actively involving our stakeholders to understand the potential impact of our business operations on them. Our primary stakeholders encompass our internal workforce, customers, local communities, government regulators, investors, suppliers, and contractors. It is our commitment to consistently engage with these key stakeholders through diverse communication channels, ensuring a regular exchange of information and insights to better understand their evolving needs.

Regular dialogue with our stakeholders allows us to determine possible risks and opportunities related to their material ESG issues. By emphasising stakeholder interaction, we can develop a more comprehensive and effective business strategy that aligns with the needs of our business and expectations of our stakeholders.

Stakeholders	How they are impacted by Isetan
Regulators/ Authorities	We abide by regulations and government policies implemented by authorities to enhance industry benchmarks for products and services. We also prioritise workplace safety and health standards in our stores.
Employees	We encourage open and honest communication and practise good health and safety initiatives, which enables us to leverage new synergies that boost overall organisational excellence.
Investors	Our shareholders serve as a valuable source of feedback for us to develop and enhance our growth strategies. We endeavour to optimise shareholder returns and maintain good corporate governance and transparency.
Customers	We endeavour to remain up-to-date and adaptable to our customers' ever-changing demands by furnishing them with a hassle-free and comfortable shopping experience, delivering excellent service, and offering high-quality products at affordable prices.
Tenants	We are committed to maintaining a conducive environment for our tenants.
Suppliers	We collaborate with our business partners throughout our value chain to broaden our product portfolio and promote strong and sustainable business value creation.
Local Communities	We are committed to supporting the local communities in which we operate through initiatives such as charitable donations through Isetan Foundation, and environmental sustainability efforts.

MATERIALITY

This year, Isetan conducted an internal review of our material ESG factors to identify and prioritise issues most important to the business and our stakeholders. This evaluation allowed us to concentrate on areas of organisational concern. Prioritising material matters offered additional insights into the significance of each factor. Consequently, this prioritisation facilitated the development of essential measures to address and overcome the identified issues.

Material ESG Factors

- Anti-corruption and compliance
- Corporate Social Responsibility/ local communities
- Energy Consumption
- Marketing and Product Labelling
- Greenhouse Gas Emissions
- Customer Privacy
- Waste Management and Packaging
- Workplace Health and Safety
- Employee Engagement and Development
- Customer and Tenant Health and Safety

CARE FOR THE ENVIRONMENT

MANAGING OUR ENERGY CONSUMPTION[1,2]

MANAGEMENT APPROACH

We recognise that the main factors driving direct energy use and the resulting carbon emissions in our stores include lighting, air conditioning, ventilation, and refrigeration systems. In line with our dedication to being a responsible corporate entity and global citizen, Isetan acknowledges the critical need to reduce our carbon footprint, particularly in light of the pressing issues posed by climate change.

In our ongoing commitment to lower energy consumption, we have implemented various strategies and actions across our stores and investment properties, detailed as follows.

REPLACED CONVENTIONAL LIGHTING WITH LIGHT EMITTING DIODE ("LED") BULBS

We have gradually replaced traditional lighting with energy-efficient LED bulbs. This year, we have replaced 85% of the bulbs at Isetan Serangoon Central.

IMPLEMENTED ENERGY CONSERVATION SYSTEM

Implemented energy conservation systems (Z-CEP) that reduce fluctuations and increase efficiency of consumption at Isetan Scotts and Isetan Tampines.

RETROFIT OLD EQUIPMENT WITH ENERGY EFFICIENT MODELS

Replaced Mechanical & Engineering ("M&E") equipment with energy efficient models when they are approaching or have reached their end-of-life stage.

ENERGY SAVING PRACTICES AT THE SHOP FLOOR

Lighting is reduced just before store closing, and escalators are only started five minutes before the store opens.

EMPLOYEE AWARENESS

Encouraged employees to cultivate prudent energy-saving habits and raise their awareness of the importance of minimising energy usage.

Restatement of Information

At Isetan, we prioritise transparency and accountability in our sustainability reporting. Following a thorough review of our 2022 sustainability data, we have identified areas for improvement in the initially presented information. In line with our commitment to transparency, we issue this statement to communicate the restatement of data.

We are issuing a restatement of our energy consumption figures for the FY2022 reporting period. A comprehensive review has identified inaccuracies stemming from an incorrect boundary setting, particularly involving the inadvertent inclusion of tenants' electricity consumption in last year's reported data, as well as the exclusion of three entities under our operational control in last year's reported data. As a result of the revised electricity consumption data and its impact on Scope 2 emissions, we aim to clarify that the FY2023 figures have been adjusted to exclude tenants' electricity consumption. This adjustment ensures a more precise depiction of our direct environmental impact.

As such, our energy consumption for FY2022 was 36,789.88 GJ, which corresponds to an energy intensity of 1.15 GJ/m^2. This marks an increase from the original disclosure of 35,601 GJ and 0.94 GJ/m^2, which is due to an adjustment in reporting boundary to further align our GHG accounting with the operational control approach under the GHG Protocol.

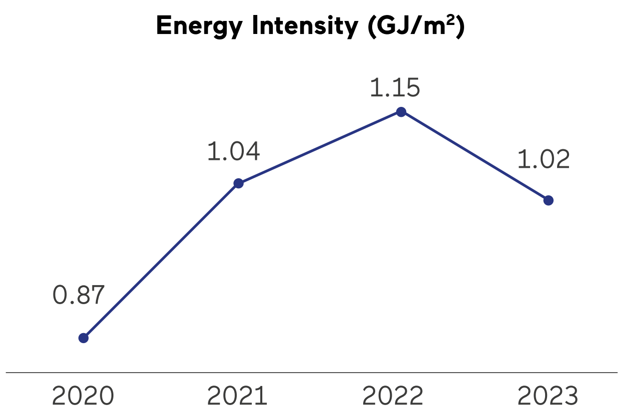
[1] Energy consumption is converted from kWh using a conversion factor of 0.0036 GJ / kWh as recommended by The International System of Units (SI) - Conversion Factors for General Use (2006), U.S. Department of Commerce.
[2] Energy intensity is calculated relative to Gross Floor Area ("GFA"), expressed as square metre ("m2"). The reported energy intensity figures are absolute values.

PERFORMANCE

Since the first phase of our renovation at Isetan Serangoon Central, we have converted approximately 85% of our ceiling lights to LED in FY2023, compared to 20% in FY2022 and, for other stores, we continue to adhere to the practice of switching to LED bulbs when the existing light bulbs at the backyard areas reach the end of their lifespan.

In FY2023, Isetan consumed 32,586.82 GJ of energy, a major decrease from 36,789.88 GJ in FY2022. Consequently, energy intensity for FY2023 is 1.02 GJ/m^2, representing a decrease from 1.15 GJ/m^2. This is mostly attributed to the significant decrease in electricity consumption.

All of our non-renewable energy consumption was derived from purchased electricity and we have yet to adopt renewable energy for our operations. To reduce our energy consumption, we will look into incorporating more energy-saving measures such as employing more energy-efficient equipment in our operations.



TARGETS

FY2024 and Long-term Target	FY2023 Performance
To switch to LED lights at the stores' backyard when existing lights reach the end of life.	Approximately 85% of our ceiling lights have been replaced during our renovation at Isetan Serangoon Central.
Close monitoring of monthly energy consumption to detect any abnormalities (exceed 5% on a year-on year basis).	Our monitoring of monthly energy consumption at our premises revealed a reduction in the December 2023 electricity consumption at our Isetan Office Building.

MANAGING OUR CARBON EMISSIONS[3,4,5,6]

MANAGEMENT APPROACH

The potential impacts of a 1.5°C or 2°C temperature rise on the environment, infrastructure, and our way of life has been highlighted by the Intergovernmental Panel on Climate Change ("IPCC"). Urgent global efforts are required to minimize these negative consequences by reducing carbon dioxide emissions. Our firm commitment lies in supporting the global initiative to reduce our carbon footprint and address the challenges posed by climate change. By consistently maintaining low emissions, we not only contribute to the immediate mitigation of adverse environmental effects but also ensure the long-term sustainability of our business operations. Simultaneously, this approach positions us to explore opportunities arising from climate-related developments.

[3] Direct (Scope 1) emissions refer to the direct emissions resulting from activities that are within the reporting entity's organisational boundary. They include petrol and diesel consumption within Isetan's properties. Scope 1 emission factors were derived from the International Energy Agency (2005) Energy Statistics Manual: (i) Petrol: 2.28 kg CO_2e / litre fuel; and (ii) Diesel: 2.698 kg CO_2e / litre fuel.
[4] Indirect (Scope 2) emissions refer to the indirect emissions coming from activities taking place within our organisational boundary but occur at operations owned or controlled by another entity. Our Scope 2 emissions are derived solely from purchased electricity as we do not sell any electricity nor is heating or steam transacted. We have calculated our Scope 2 emissions using the location-based method as opposed to the market-based method. Emission factor for the calculation of electricity consumption was taken from the Singapore Energy Statistics 2022 published by the Energy Market Authority in Singapore (0.4168 kg CO_2e/kWh).
[5] GHG Emissions Intensity is calculated by total of GHG Emissions/GFA, expressed as kg CO_2e/m^2.
[6] We take reference from the GHG Protocol Global Warming Potential ("GWP") Values when determining GWP values.

The implications of sustainability issues on our industry, particularly the current risk of climate-related disasters and threats to human rights in society, continues to increase year after year. To address such societal challenges and contribute to the development of a sustainable society for the future, Isetan is dedicated to aligning with our parent company's commitment to decrease its environmental impact, which includes minimising greenhouse gas emissions.

Restatement of Information

At Isetan, we prioritise transparency and accountability in our sustainability reporting. Following a thorough review of our 2022 sustainability data, we have identified areas for improvement in the initially presented information. In line with our commitment to transparency, we issue this statement to communicate the restatement of data.

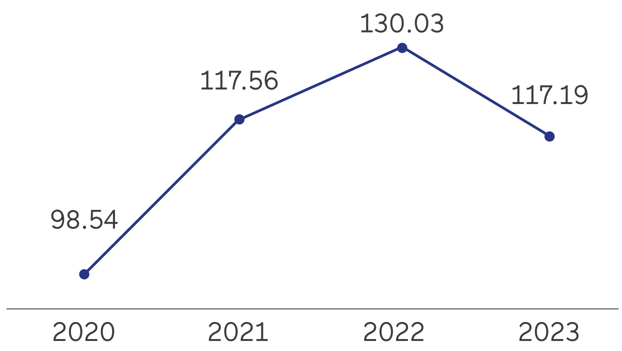
As a result of the revised electricity consumption data and its impact on Scope 2 emissions, we aim to clarify that the FY2023 figures have been adjusted to exclude tenants' electricity consumption and add three other entities that are under our operational control. This adjustment ensures a more precise depiction of our direct environmental impact.

As such, our Scope 2 emissions for FY2022 is 4,147.93 tCO_2e, as compared to the original disclosure of 3,981 tCO_2e, which corresponds to a total emission of 4,164.96 tCO_2e and a total GHG emissions intensity of 130.03 $kgCO_2e/m^2$. This marks an increase from the original disclosure of 3,998 tCO_2e and 105.18 $kgCO_2e/m^2$.

PERFORMANCE

In FY2023, we recorded a total carbon emission of 3,753.70 tCO_2e (Scope 1: 31.70 tCO_2e and Scope 2: 3,722.00 tCO_2e). We recorded a decrease in our carbon emission intensity by 10% i.e., 130.03 $kgCO_2e/m^2$ from the comparative period a year ago to 117.19 $kgCO_2e/m^2$. This is mostly attributed to the reduction in electricity consumption for FY2023.

Carbon Emission Intensity ($kgCO_2e/m^2$)



FY2024 and Long-term Target	FY2023 Performance
We seek to reduce our energy emissions intensity that do not exceed the levels of FY2023.	Our carbon emission intensity in FY2023 decreased by 10% from FY2022. This is mostly attributed to the significant reduction in electricity consumption.

MANAGING OUR CLIMATE IMPACTS

MANAGEMENT APPROACH

As we begin to witness the consequences of climate change, it is imperative to address and manage its impacts. Guided by the principles of the TCFD, we continue on a journey towards resilience and sustainable practices.

The TCFD framework serves as the cornerstone of our approach, facilitating an assessment of climate-related impacts on our operations and overall value chain. By adopting the TCFD guidelines, we affirm our dedication to understand the climate risks we encounter and integrate this awareness into our decision-making procedures. These climate disclosures represent more than a regulatory obligation but also a strategic necessity, establishing the foundation for well-informed and sustainable business practices. We recognise that these practices are designed to protect the interests of our stakeholders and play a pivotal role in contributing to the global effort to combat climate change.

TCFD Pillar	Isetan's Approach
Governance	Isetan's climate risk governance would be incorporated into our wider sustainability governance structure. Currently, the sustainability governance at Isetan comprises of the business functions who oversee the material risks and opportunities at Isetan. The respective business functions report to the senior management. Subsequently, the senior management assesses the sustainability performance and reports to the Board, who in turn sets the overall strategic direction for the Company's overarching sustainability strategy and approves Isetan's sustainability disclosures and its contents. In the future, our sustainability governance team would also supervise and monitor climate reporting, metrics and targets, scenario analysis and financial impact assessments posed by climate risks and opportunities.
Strategy	Isetan has assessed our key climate-related risks and opportunities, as well as the respective potential impacts on the financial performance of our retail and property leasing businesses, as follows: **Climate-related Risks:** **Physical risks:** *Flooding* — *Retail* - Product damage due to water exposure, resulting in additional labour costs, reduced operational efficiency, write-offs and revenue loss from damaged goods, and operational costs from professional cleaning services and safety inspections - Revenue stream affected due to inaccessibility - Facility and asset damage resulting in increased operational costs from repair and renovations, as well as revenue loss and inventory write-off for compromised frozen goods - Revenue loss due to operational downtime from temporary mall closure

TCFD Pillar	Isetan's Approach	
Strategy	*Flooding*	*Property leasing* - Facility and asset damage resulting in increased operational costs from repair and renovations - Long-term revenue loss if tenants decide to relocate to less flood-prone areas - Depreciation in property value - Higher insurance premiums resulting in increased operating costs - Capital expenditures to retrofit buildings with flood-resistant features
	Transition risks:	
	Regulatory	*Retail* - Increased costs for purchased goods due to potential embedded carbon tax - Increased capital costs to invest in energy efficient equipment and operating systems to meet regulatory requirements on energy compliance *Property leasing* - Increased compliance and/or legal costs from increasingly stringent requirements on green building codes and standards
	Market and Reputation	*Retail* - Potential loss in market share if unable to meet increasing customer expectations for low-carbon products
	Climate-related opportunities:	
	Market	*Retail* - Access to new markets through collaborations with community groups and experts which improves stakeholder engagements and reputation, resulting in increased revenue from higher visitorship and demand by attracting more environmentally conscious customers *Property leasing* - Green building certifications and developing eco-friendly facilities result in unique selling propositions for environmentally conscious tenants, leading to higher occupancy and rental rates and tenant satisfaction, resulting in increased revenue - Implementing sustainable property management practices increases operational efficiencies and cost savings
	Technology	*Retail* - Leveraging energy-saving technology results in efficiency gains and cost reductions which reduce operating costs *Property leasing* - Capital costs for retrofitting older buildings with energy efficient features, with long-term energy cost reduction and potential for increased tenant attraction - Installing renewable energy technology result in reduced operational costs

TCFD Pillar	Isetan's Approach
Risk Management	In addressing the most daunting challenge facing countries around the world, climate change would constitute as a key business risk for Isetan. We identified our relevant climate-related risks based on materiality to our operations and financial performance, and assessed the potential business and financial impacts of the material climate-related risks. We will continue to manage and monitor the material climate-related risks. Ultimately, our Board is accountable for risk governance across the Company while our Management upholds an adequate and effective system of internal controls and risk management protocols. Isetan's Audit and Risk Committee ("ARC") would support the Board to oversee Isetan's risk management process, policies and measures implemented across the Company.
Metrics & Targets	We have established the following climate-related metrics and targets: - Energy efficiency: We aim to enhance energy efficiency across operations by 15% by 2027. We are committed to reducing energy consumption and lowering operating costs while minimising our environmental impact. As at FY2023, approximately 85% of our ceiling lights have been replaced during our renovation at Isetan Serangoon Central. Our energy intensity in FY2023 was 1.02 GJ/m^2. - Scope 1 and 2 GHG emissions: In FY2023, we have recorded a total GHG emission of 3,753.70 tCO_2e, which includes Scope 1 and Scope 2 emissions. Total GHG emissions intensity decreased by 10% from 130.03 $kgCO_2e/m^2$ in FY2022 to 117.19 $kgCO_2e/m^2$ in FY2023.

CLIMATE COMMITMENT

Isetan recognises the growing importance of how climate change would impact markets and societies globally as well as our operations. We strongly believe that we must take comprehensive action to tackle the challenges posed by the threat of climate change. We are committed to managing environmental impacts across our value chain and reducing emissions and waste in our operations. Furthermore, we would align ourselves to global best practices, and international standards and frameworks related to ESG and climate change disclosures. Isetan is committed to the following actions based on our capacity and resources.

- Align the Company to the latest climate frameworks and ESG standards for disclosure and reporting;
- Ensure the Board is kept abreast of our latest ESG performance and climate risks exposure, and is informed of any adverse business impacts due to climate change;
- Incorporate energy efficiency considerations and energy-saving measures, whenever economically viable and technically feasible; and
- Continuously minimise environmental impacts through optimised resource control, pollution prevention, recycling initiatives and other efficiency measures.

MANAGING OUR WASTE

MANAGEMENT APPROACH

Isetan prioritises efforts to minimise its environmental footprint and advance sustainability across its operations and supply chain. We recognise waste management as a fundamental aspect of sustainability, facilitating resource conservation, greenhouse gas emission reduction, and environmental preservation. In Singapore, where land scarcity is a pressing issue, general waste is directed to waste-to-energy incineration plants to generate energy. Subsequently, the resulting ash is transported to Semakau Island, the country's sole landfill. In light of Semakau Landfill's projected capacity reaching its limit by 2035, the Singapore government is committed to achieving a 70% recycling rate by 2030.

As part of our ongoing commitment to environmental sustainability, we implemented a strategic initiative aimed at reducing the usage of shopping bags. Beginning in May 2023, we introduced a nominal charge of 5 cents for each plastic bag and 10 cents for each paper bag provided to customers at our retail outlets. By incorporating this pricing strategy, we aim to increase awareness among our customers regarding the environmental impact of disposable bags and promote more conscientious consumer behaviour. As a result, the implementation of this initiative yielded significant results, with bag usage experiencing a notable decline of 68%. Beyond the immediate reduction in bag consumption, we aim to encourage a culture of environmental responsibility within our customer base. Through this initiative, we seek to inspire a lasting commitment to environmental stewardship, ensuring that our customers play an active role in preserving the planet for future generations.

FLOWCHART OF KEY BUSINESS ACTIVITIES AND WASTE GENERATION WITHIN OUR VALUE CHAIN

Upstream	→	Own Activities	→	Downstream
Suppliers • Production and packaging	→	**Stores** • Retail of goods	→	**Consumers** • Household consumption
• Damaged crops or products • Unharvested produce • Spoilage from post-harvest processing or production, or storage • Others		• Damaged products due to packaging • Unsold foods and products • Spoilage of foods and products • Transport and protective packaging (Tertiary packaging) waste • Others		• Spoilage of foods and products • Kitchen Waste • Plate Waste • Packaging Waste • e-waste

SUSTAINABILITY REPORT

RECYCLING AND REDUCING WASTE

As a member of the retail sector, we regard it as our duty to effectively manage waste throughout our value chain. To this end, we collaborate closely with our suppliers to implement sustainable practices, such as the reuse of plastic crates for delivering fresh produce and the repurposing of undamaged pallets for storage needs. Furthermore, we actively engage our customers in waste reduction efforts by advocating the use of reusable bags, thereby minimizing the consumption of single-use plastic bags and mitigating downstream waste generation.

To reduce landfill waste, we ensure that waste generated during our daily operations is efficiently managed. Specifically, the waste is directed to a waste-to-energy plant in Singapore, where it is processed for energy production. Additionally, waste generated at our supermarkets is responsibly disposed of through collaboration with reputable public waste management companies.

TARGETS

FY2024 and Long-term Target	FY2023 Performance
To achieve year-on-year reduction on the consumption of plastic and paper bags.	Achieved a 75% reduction in tartan paper bag usage and a 66% reduction in plastic bag usage compared to the FY2022.

ADDRESSING SOCIAL NEEDS

WORKPLACE SAFETY AND HEALTH

MANAGEMENT APPROACH

At Isetan, the health, safety, and well-being of our employees is at the forefront of our priorities. We are dedicated to ensuring a work environment that is safe and healthy for not just our workers, but also our customers, vendors, and visitors. To make this a reality, we focus on workplace safety and health ("WSH") by implementing strict standard operating procedures ("SOP") and integrating WSH considerations into the everyday tasks and responsibilities of our team.

In our ongoing effort to safeguard our employees, we have updated our Workplace Safety and Health Policies and Procedure Manual, aligning it with the Principles of the Code of Practice. At each of our store locations, we carry out activity-based risk assessments, aiming to pre-empt WSH incidents through a proactive risk prevention strategy. Our goal is to ensure a safe and healthy working environment for all our staff. We regularly remind our team members of their personal duty to contribute to a secure and healthy workplace. Additionally, we offer guidance on how to respond to emergencies, including procedures for situations like fire outbreaks, power outages, and bomb threats.

We have designated a Safety Manager responsible for monitoring and guiding WSH practices at our facilities. This role includes providing semi-annual training sessions on health and safety for our employees, along with recommendations for best practices to avoid injuries at work. To mitigate fire hazards, the Safety Manager organises fire drills at our warehouse, while our store personnel take part in drills led by our landlords. Last year, 37 non-management staff and one management staff completed fire safety training, underscoring our commitment to ensuring everyone's safety.

The Safety Manager, supported by our dedicated Security team, carries out regular monthly checks for WSH and fire safety across our sites. Any shortcomings in fire safety or breaches in safety protocols are carefully noted by the Safety Manager and then relayed to the responsible parties at each site for necessary corrective steps. We encourage both our employees and customers to voice any WSH concerns through several avenues, including daily pre-shift briefings, monthly meetings with supervisors, our whistle-blower system, and suggestions boxes. Should there be an incident of work-related injury, it is imperative for employees to notify the Human Resources department, following the appropriate labour regulations. In line with Isetan's Code of Conduct, it's imperative that employees conduct their duties safely to avoid endangering themselves or their colleagues. Employees feeling unwell are advised to consult the Company Doctor for professional medical advice.

Employees who have been with the Company for at least three months are eligible for medical benefits, which include complimentary outpatient treatment from doctors appointed by the Company. Furthermore, all employees who have been officially confirmed in their roles qualify for the medical benefits outlined in the Company's Hospitalisation & Surgical Insurance Scheme.

Given Singapore's compact and densely populated nature, a terrorist attack could significantly affect various sectors. Such attacks, designed to cause widespread fear, pose a particular risk to crowded places frequented by Retail and F&B businesses. Recognising this safety concern, we have made sure to detail the SOPs for handling bomb threats in our employee handbook.

Restatement of Information

At Isetan, we prioritise transparency and accountability in our sustainability reporting. Following a thorough review of our 2022 sustainability data, we have identified areas for improvement in the initially presented information. In line with our commitment to transparency, we issue this statement to communicate the restatement of data. Upon review, we noted that the number of employees who underwent safety training in FY2022 was understated as the number of participants were only accounted for the Isetan Tampines store, while omitting the participants from the Isetan Scotts store. The accurate number of participants who underwent safety training in FY2022 is 49.

PERFORMANCE

	2023	2022	2021	2020
Employees				
Lost days	28	0	4	0
Work injuries	6	0	1	0
Fatalities	0	0	0	0

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

TARGETS

FY2024 and Long-term Target	FY2023 Performance
To strive for zero incidents of work-related injuries.	This year, we report six work-related injuries.

NURTURING OUR EMPLOYEES

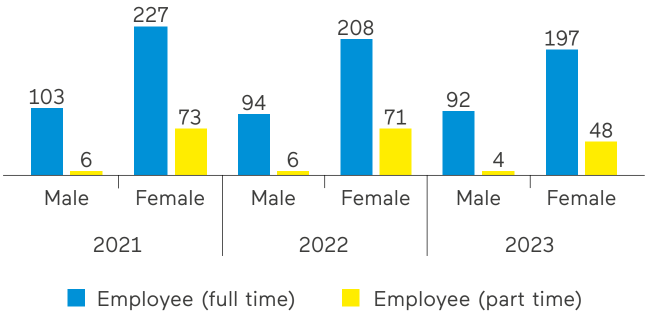
MANAGEMENT APPROACH

At Isetan, we view our employees as our most valuable asset, playing an essential role in bridging the connection between our clients and the Company. Therefore, our foremost goal is to empower our staff, equipping them with the skills and knowledge necessary to excel. Moving forward, we are committed to enhancing our team's abilities to adapt and thrive amidst the ever-changing demands of the retail sector.

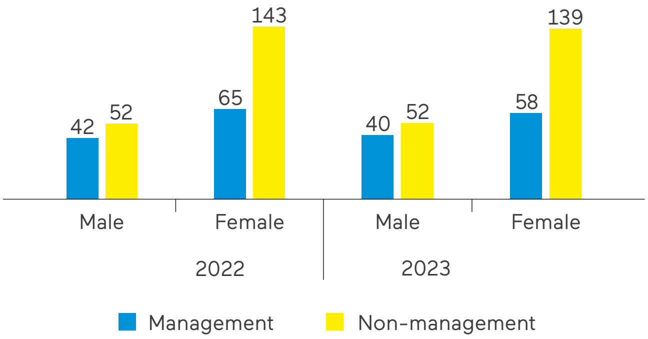
Within the retail sector, our objective is to foster a diverse and inclusive workforce, achieving this by ensuring the recruitment of the right talent through practices that are both fair and offer equal opportunities. We are dedicated to upholding our employees' rights via fair employment practices and collective bargaining agreements. These agreements extend to all locally engaged employees, excluding those in managerial, executive, or confidential roles. In 2023, 66% of our workforce was covered by collective bargaining agreements, allowing them to enjoy the advantages of union activities and the collective agreement made with management.

SUSTAINABILITY REPORT

Isetan Employee Profile



Gender Breakdown for Employee Category



EMPLOYEE ENGAGEMENT

Employee engagement is crucial for organisational success. In today's dynamic business landscape, fostering engagement is paramount. Engaged employees are emotionally committed to the organisation's goals, driving innovation and productivity. Recognising its significance is a strategic imperative for sustainable growth. As such, Isetan has conducted an employee engagement survey in December 2023.

By receiving feedback on these areas, we were able to gain valuable insights into employee sentiment and identify areas for improvement. At Isetan, we are committed to fostering a meaningful relationship with our employees to cultivate a positive work environment and drive organisational success.

TALENT ATTRACTION

The retail sector in Singapore presents a unique opportunity for individuals from diverse backgrounds to acquire skills and experiences that are beneficial for career advancement, not only within retail but across various sectors of the economy. We extend internship opportunities to students from the Institute of Technical Education ("ITE"), aiming to give them a first-hand look at the retail world. In 2023, as part of our partnership with ITE, we welcomed four students to join us as interns, enriching their educational journey with practical experience.

TRAINING AND DEVELOPMENT

At Isetan, we are committed to creating a nurturing environment where both staff and executives have access to the necessary resources for their success and pathways for career progression. Training programs are initiated from the outset of their roles to foster professional growth. This ensures that every employee is well-versed in the store's overall operations, their individual duties, health and safety protocols, and our goals for customer service excellence. We view training as an ongoing journey, incorporating both theoretical learning and practical, hands-on experience, alongside opportunities for job rotation. Our aim is

KEY AREAS COVERED IN THE SURVEY INCLUDE:

Assessing employees' pride in working for the company.

Evaluating how effectively leadership communicates company updates and information.

Assessing the level of collaboration and teamwork within the organisation.

Determining whether employees feel their immediate supervisors are genuinely interested in their career aspirations.

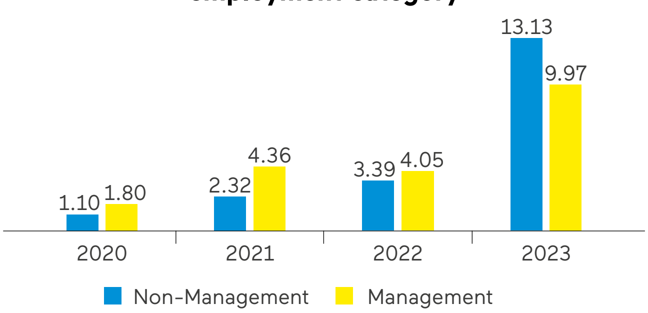
to regularly offer evaluations on performance and career development, helping employees achieve their professional goals within Isetan. In 2023, 33% of our workforce underwent performance and career development assessments.

In line with the progressive wage model ("PWM") introduced for the retail sector from 1 September 2022, emphasising a transparent career progression for employees with salary increments tied to training, improved productivity, and elevated standards, the Company consistently sends its sales staff to relevant courses offered by the Singapore Institute of Retail Studies ("SIRS"). In 2023, administration staff also underwent training, participating in courses facilitated by the NTUC Learning Hub, covering subjects such as personal development, safety, and security. Additionally, our merchandisers had the opportunity to engage in courses focused on retail merchandising and analytics at Nanyang Polytechnic. Upon joining, our Sales staff undergo initial training that includes classroom sessions focused on the intricacies of Department Store operations, followed by on-the-job training supervised by seasoned Sales employees. This blend of theoretical knowledge and practical experience ensures a solid foundation for their roles.

Operating a supermarket compels us to guarantee that the food offered to our customers is both wholesome and safe for consumption. In 2023, three employees participated in a basic food hygiene course designed to instruct them on the proper guidelines for handling, storing, and serving food, ensuring our customers' health and safety.

PERFORMANCE

Average hours of training per employee by employment category



TARGETS

FY2024 and Long-term Target	FY2023 Performance
To maintain an appropriate balance of men and women holding management positions in the company.	We achieved in maintaining a ratio of 59% female employees in management positions by end of 2023.
We aim to provide company-wide training to improve skills and competency, targeting 3.0 average training hours for management staff and 2.0 average training hours for non-management staff.	We provided an average of 13.13 training hours for our non-management employees and 9.97 training hours for our management employees.
To implement capacity training for Climate Reporting data owners, and SR training on Sustainability Trends and Standards, and their impacts on Isetan.	This is a new target for FY2024. Moving forward, Isetan will disclose our progress against this target.

CUSTOMER AND TENANT HEALTH AND SAFETY

MANAGEMENT APPROACH

We have instituted comprehensive policies and procedures to ensure safety at our stores and investment properties and to effectively respond to critical situations such as fires, bomb threats, power outages, and pandemics. In strict adherence to regulatory requirements imposed by authorities on our stores and assets, we have implemented a systematic maintenance regimen and replacement schedule for essential operational and fire safety equipment, guaranteeing their optimal condition. Additionally, our safety manager conducts regular in-house spot checks to identify and rectify any potential fire safety violations within our stores. Further, our personnel actively participate in food hygiene and safety courses, covering key areas such as expiry date control and cross-departmental freshness and expiry date checks.

In our annual Enterprise Risk Assessment process, Health and Safety have been classified as a Tier One risk, underlining its critical importance. Consequently, we prioritise fire prevention strategies, including the execution of monthly, unannounced internal fire safety assessments at our facilities. It is imperative that any deficiencies or weaknesses identified by the Safety Manager are rectified promptly. To bolster these precautionary measures, fire evacuation plans, and designated appointment holders are established across all our stores and locations. Moreover, our employees participate in fire drills, conducted either internally at our sites or by various mall owners, to ensure both our staff and tenants are well-versed in evacuation routes and procedures.

ACTIONS TAKEN TO MANAGE OCCUPATIONAL HEALTH AND SAFETY:

Identify hazards on a continuous basis and implementing effective Risk Assessment ("RA") to control the risk.

Ensure all employees receive adequate information, training, and supervision in workplace safety and health practices.

PERFORMANCE

All essential operational and fire safety equipment slated for maintenance in 2023 was serviced promptly. Management commits to regularly reviewing the maintenance and replacement programme to guarantee its ongoing operational effectiveness.

As scheduled or mandated by regulatory bodies, the monthly internal fire safety audits and fire drills were executed without deviation from the plan.

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

TARGETS

FY2024 and Long-term Target	FY2023 Performance
Strive for zero cases of regulatory violations raised by authorities. Continue with monthly internal fire safety audits at our stores and investment properties with less than 5 repeated violations for each store averagely per month.	Monthly internal fire safety audits were carried out at our stores. There were no incidents of regulatory violations raised by the authorities.

MARKETING AND LABELLING

MANAGEMENT APPROACH

We hold a firm belief that it is our duty to make sure our products are correctly labelled, offering comprehensive information to ensure our customers are fully informed about what they are purchasing. Therefore, we implement practices to guarantee our product labelling aligns with relevant regulatory standards. Operating both department stores, and a supermarket necessitates the provision of precise product labelling and marketing information, which is vital to our operational success. Furthermore, given our supermarket retails Japanese products, it is imperative to ensure these items are labelled clearly, allowing our consumers to understand the contents of the products prior to making their purchases.

We are committed to offering thorough and precise product and marketing information, empowering our consumers to make well-informed choices. To this end, we mandate that our suppliers adhere to the applicable regulations concerning product descriptions and labelling.

PERFORMANCE

There was one incident of mislabelling of expiry date by one of our promoters at a Food Fair where we have partially resolved the issue. A voluntary disclosure was made to the Singapore Food Agency.

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

TARGETS

FY2024 and Long-term Target	FY2023 Performance
To strive for zero incidents of non-compliance of product information and labelling.	There was one case of mislabelling of expiry date by one of our promoters at a Food Fair where we have partially resolved the issue and a voluntary disclosure was made to the Singapore Food Agency.

CUSTOMER PRIVACY

MANAGEMENT APPROACH

As we advance in digitalising our business operations, safeguarding our customers' personal data and confidential information has become paramount. To address this, we have instituted robust policies and procedures to manage the personal data our customers entrust to us. Being a part of the retail industry means handling a significant amount of customer personal data, and we acknowledge the importance of protecting this sensitive information. Our operations are guided by the Personal Data Protection Act ("PDPA"), which sets the standards for collecting, using, and disclosing personal data.

The Company is committed to ensuring the privacy of our customers and maintaining their trust in the protection of their personal data. To this end, we work closely with our vendors and auditors to continuously monitor and quickly rectify any vulnerabilities in our IT control measures, including aspects of cybersecurity. We also have comprehensive Business Continuity Plans established, aimed at facilitating the swift recovery of critical IT infrastructure and platforms should the need arise.

PERFORMANCE

Breaches of customer data
2023
There were no breaches of customer data that resulted in any significant operational or financial impact to the Company during the year.
2022
There were no breaches of customer data that resulted in any significant operational or financial impact to the Company during the year.
2021
There were no breaches of customer data that resulted in any significant operational or financial impact to the Company during the year.
2020
There were no breaches of customer data 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

FY2024 and Long-term Target	FY2023 Performance
To strive for zero breaches in relation to PDPA or consumer data.	There were no breaches in relation to PDPA or consumer data that resulted in any significant operational or financial impact to the Company during the year.

SUSTAINABILITY REPORT

LOCAL COMMUNITIES

MANAGEMENT APPROACH

At Isetan, our dedication to being a responsible corporate citizen and effecting a positive societal impact is unwavering. Established in 1981, the Isetan Foundation ("Foundation") has been at the forefront of our community support, offering financial assistance to chosen institutions and charitable organisations that align with our values and objectives.

Fostering Education

The Foundation has made contributions to Singapore's premier educational institutions by setting up endowment funds. These funds generate annual income used to finance scholarships, primarily targeting students facing financial challenges. To date, the Foundation has allocated nearly S$1.4 million across three universities: the National University of Singapore, Nanyang Technological University, and Singapore Management University. Furthermore, it has historically offered bond-free scholarships at Temasek Polytechnic's School of Retail Management and the ITE. Moving forward, the Foundation has pledged to grant S$8,000 in scholarships annually to ITE students for the following years.

In FY2023, the Foundation provided scholarships to four students from ITE, an amount equivalent to S$8,000.

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

TARGETS

FY2024 and Long-term Target	FY2023 Performance
To contribute to the needs of the community in the areas of education and culture through donations from Isetan Foundation.	The Foundation donated an amount of S$8,000 to ITE.

UPHOLDING GOOD GOVERNANCE PRACTICES

ANTI-CORRUPTION

MANAGEMENT APPROACH

At Isetan, we are dedicated to maintaining high standards of corporate governance and transparency as part of our management and operational practices. We believe that a robust governance framework is essential for fostering trust and confidence among our stakeholders, which is fundamental to our business's success.

To uphold these principles of integrity in our work and business transactions, we have implemented various policies and guidelines. Our Code of Conduct underscores Isetan's zero-tolerance policy towards fraud, bribery, and corruption, outlining our method for managing these risks in a comprehensive and systematic way.

Furthermore, the Company has established a "whistle-blowing" policy, allowing both the public and our employees to report potential improprieties in financial reporting or other areas through a clearly defined and accessible channel within the Company. This policy aims to promote the reporting of such issues in good faith, ensuring confidentiality for the identities of those who report and fair treatment for all. Information about the "whistle-blowing" channel can be found on our website at www.isetan.com.sg, and the policy is communicated to all employees during orientation and through the Staff Handbook.

PERFORMANCE

Isetan's Code of Conduct is disseminated to all employees through the Staff Handbook and is available on our Company website for review by other stakeholders.

Our steadfast commitment to a zero-tolerance policy against fraud, bribery, and corruption has culminated in achieving zero confirmed cases of corruption within our operations for the FY2023.

GRI CONTENT INDEX

STATEMENT OF USE	Isetan Singapore has reported the information cited in this GRI content index for the period 1 January 2023 to 31 December 2023 with reference to the GRI Standards.
GRI USED	GRI 1: Foundation 2021 GRI 2: General Disclosures 2021 GRI 3: Material Topics 2021
GRI SECTOR STANDARDS	No GRI Sector Standards adopted.

GRI STANDARD	DISCLOSURE		LOCATION/PAGE
	2-1	Organisational details	6 to 7 and 20
	2-2	Entities included in the organisation's sustainability reporting	20
	2-3	Reporting period, frequency and contact point	20 to 21
	2-4	Restatements of information	25, 27 and 33
	2-5	External assurance	21
	2-6	Activities, value chain and other business relationships	6 to 7
	2-7	Employees	34
	2-8	Workers who are not employees	34
	2-9	Governance structure and composition	21 to 22
	2-10	Nomination and selection of the highest governance body	47 to 48
	2-11	Chair of the highest governance body	10, 19 and 42
	2-12	Role of the highest governance body in overseeing the management of impacts	21
	2-13	Delegation of responsibility for managing impacts	21
	2-14	Role of the highest governance body in sustainability reporting	21
	2-15	Conflicts of interest	43 to 44 and 48
	2-16	Communication of critical concerns	Refer to whistle-blowing policy, pg 38 and 54
	2-17	Collective knowledge of the highest governance body	22
	2-18	Evaluation of the performance of the highest governance body	48
	2-19	Remuneration policies	49 to 51
	2-20	Process to determine remuneration	49 to 51
	2-21	Annual total compensation ratio	Not disclosed due to confidentiality

GRI STANDARD	DISCLOSURE		LOCATION/PAGE
	2-22	Statement on sustainable development strategy	20 to 21
	2-23	Policy commitments	To address in future reporting
	2-24	Embedding policy commitments	21 and 55
	2-25	Processes to remediate negative impacts	34
	2-26	Mechanisms for seeking advice and raising concerns	38 and 54
	2-27	Compliance with laws and regulations	32 to 33 and 56
	2-28	Membership associations	21
	2-29	Approach to stakeholder engagement	23
	2-30	Collective bargaining agreements	33
GRI 3: Material Topics 2021	3-1	Process to determine material topics	24
	3-2	List of material topics	24
GRI 3: Material Topics 2021	3-3	Management of material topics	25, 26, 28, 31, 32, 33, 35, 36, 37, 38 for all material topics
GRI 205: Anti-Corruption 2016	205-2	Communication and training about anti-corruption policies and procedures	38
	205-3	Confirmed incidents of corruption and actions taken	38
GRI 302: Energy 2016	302-1	Energy consumption within the organization	25 to 26
	302-3	Energy intensity	26
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	26 to 27
	305-2	Energy indirect (Scope 2) GHG emissions	26 to 27
	305-4	GHG emissions intensity	27
GRI 306: Waste 2020	306-1	Waste generation and significant waste-related impacts	31
	306-2	Management of significant waste-related impacts	32
	306-3	Waste generated	To address in future reporting
	306-4	Waste diverted from disposal	
	306-5	Waste directed to disposal	

GRI STANDARD	DISCLOSURE		LOCATION/PAGE
GRI 403: Occupational Health and Safety 2018	403-1	Occupational health and safety management system	32 to 33
	403-2	Hazard identification, risk assessment, and incident investigation	32 to 33
	403-3	Occupational health services	32 to 33
	403-4	Worker participation, consultation, and communication on occupational health and safety	32 to 33
	403-5	Worker training on occupational health and safety	32 to 33
	403-6	Promotion of worker health	32 to 33
	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	32 to 33
	403-8	Workers covered by an occupational health and safety management system	32 to 33
	403-9	Work-related injuries	32 to 33
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	34 to 35
	404-3	Percentage of employees receiving regular performance and career development reviews	34 to 35
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs.	38
	413-2	Operations with significant actual and potential negative impacts on local communities	38
GRI 416: Customer Health and Safety 2016	416-1	Assessment of the health and safety impacts of product and service categories	35 to 36
	416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	35 to 36
GRI 417: Market and Labelling 2016	417-2	Incidents of non-compliance concerning product and service information and labelling	36 to 37
	417-3	Incidents of non-compliance concerning marketing communications	36 to 37
GRI 418: Customer Privacy 2016	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	37

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 2023, 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 2023)

No.	Name of Director	Date first appointed	Date last re-elected	Executive/ Non-executive	Independent/ Non-independent
1	Toshifumi Hashizume (Chairman)	1 August 2023	–	Non-executive	Non-independent
2	Shioji Hiramatsu (Managing Director)	30 May 2022	28 April 2023	Executive	Non-Independent
3	Victor Yeo Chuan Seng (Lead Independent Director)	1 July 2015	28 April 2022	Non-executive	Independent
4	Lim Bee Choo (Independent Director)	1 July 2012	28 April 2023	Non-Executive	Independent
5	Richard Tan Chuan-Lye (Independent Director)	1 February 2019	28 April 2023	Non-executive	Independent
6	Carmen Wee Yik Cheng (Independent Director)	1 October 2023	–	Non-executive	Independent

COMMITTEES (as at 31 December 2023)

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	–
Carmen Wee Yik Cheng (Independent Director)	Member	Member	Member	–
Shioji Hiramatsu (Managing Director)	–	–	–	Chairman
Katsumasa Muramatsu (General Manager – Sales and Merchandising)	–	–	–	Member
Goh Kim Wan (Assistant General Manager – Finance and IS)	–	–	–	Member
Loh Kah Leong (Assistant General Manager – Operations)	–	–	–	Member
Gerald Lim Wee Lee (Assistant General Manager – Merchandising)	–	–	–	Member
Tong Shu Lee (Assistant General Manager – Sales and Merchandising Planning)	–	–	–	Member

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 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 tone-from-the-top for the Company in terms of ethics, values and desired organisational culture, and ensures proper accountability within the Company. Sustainability issues are important considerations when the Board decides business and strategic matters. The relevant sustainability concerns such as 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 reserved 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 a director;

(d) share issuances, declaration of 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) issuing shares;

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

(i) release of the Company's financial results;

(j) changes to Company's fiscal year; and

(k) providing governance and guidance on the Company's sustainability approach.

The above reserved matters requiring the Board's approval are documented and communicated to management.

<u>Delegation by the Board</u>

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, the Exco comprises one Executive Director and five 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 for 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 forty-seven times in 2023. The record of the directors' attendance at the Annual General Meeting ("AGM"), Board and respective committee meetings during the financial year ended 31 December 2023 is set out below.

CORPORATE GOVERNANCE REPORT

Directors' Attendance at AGM, Board and other committee meetings

		No. of meetings (for the period from 01/01/2023 to 31/12/2023)											
		AGM		Board		Exco		NC		RC		ARC	
	Name of Director	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
1	Toshifumi Hashizume (Chairman) (appointed on 1 August 2023)	1	–	5	2	–	–	–	–	–	–	4	2
2	Shioji Hiramatsu (Managing Director)	1	1	5	5	47	44	–	–	–	–	4	4
3	Victor Yeo Chuan Seng (Lead Independent Director)	1	1	5	5	–	–	3	3	1	1	4	4
4	Lim Bee Choo (Independent Director)	1	1	5	5	–	–	3	3	1	1	4	4
5	Richard Tan Chuan-Lye (Independent Director)	1	1	5	5	–	–	3	3	1	1	4	4
6	Carmen Wee Yik Cheng (Independent Director) (appointed on 1 October 2023)	1	–	5	1	–	–	–	–	–	–	4	1
7	Satoru Tanaka (stepped down on 1 August 2023)	1	1	5	3	–	–	–	–	–	–	–	–

Board members also meet informally throughout the year as and when necessary to discuss and address strategic and operational issues and to provide input and guidance to management as needed. The IDs and the managing director ("MD") have also met five times during the course of the year to discuss strategic issues.

Meeting of Directors without management

The independent directors, led by the Lead ID met four times during the course of the year without the presence of management. Relevant matters that arise from these discussions are highlighted to the managing director or at board meetings for the full Board's attention and consideration as appropriate.

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 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 they avoid participating in discussions or decision-making that involves 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. Any new director appointed to the Board who has no prior experience as a director of an issuer listed on the Singapore Exchange must undergo training in the roles and responsibilities of a director of a listed issuer as prescribed by the Exchange. In this regard and as at 31 December 2023, Ms. Carmen Wee, who joined the board on 1 October 2023, has completed all but two of the mandatory modules as prescribed by the Singapore Exchange. She has been registered to complete the two other modules in March 2024. In recognition that directors require appropriate on-going training, the Company has encouraged all directors to register as members of the Singapore Institute of Directors ("SID") and to participate in its courses, and training provided by other parties, at the Company's expense. 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 attended professional development courses conducted by the SID, accounting firms or other professional bodies. During the year, Mr. Toshifumi Hashizume has attended the Sustainability E-Training for Directors conducted by the Institute of Singapore Chartered Accountants and SAC Capital Private Limited.

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 take independent professional advice at the Company's expense 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.

Securities Directive

The Board has required internal directives to be issued regarding 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 one month before the announcement of the Company's financial statements for the first-half and full financial year financial statements. The Human Resource Department and Corporate Affairs Department send regular reminders of the directive to all staff and Directors respectively.

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 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 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 e-mail address: Victor.Yeo@isetan.com.sg should they have concerns and for which contact through the normal channels of the Chairman, MD or Senior Management (who assumes the role of the Chief Financial Officer ("CFO")) has failed to resolve or is inappropriate.

CORPORATE GOVERNANCE REPORT

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

As at 31 December 2023, the Board consists of six directors, of whom five are non-executive. As the Chairman is not independent, the independent directors (consisting of four directors) make up a majority of the Board as at 31 December 2023.

Pursuant to Regulation 96 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 AGM 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.

The Company had on 1 April 2024 released a joint announcement with Isetan Mitsukoshi Ltd. (the "Offeror") in relation to the proposed acquisition of all the ordinary shares in the issued share capital of the Company (other than those held by the Offeror) by the Offeror, effected by way of a scheme of arrangement in accordance with Section 210 of the Companies Act 1967 of Singapore and the Singapore Code on Take-overs and Mergers (the "Takeover Code"). In line with Rule 6.3 of the Takeover Code which provides that directors of the offeree company should not resign from the board until the offeror has clearly indicated that the offer will not be revised and the later of the date of posting of the offeree board circular or the date the offer becomes or is declared unconditional in all respects, all the directors who will be retiring under the Company's constitution will be offering themselves for re-election at the AGM to be held on 26 April 2024.

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 AGM held on 28 April 2021 where the relevant resolutions were all passed. Rule 210(5)(d)(iv) of the Listing Manual of the Singapore Exchange Securities Trading Limited provides that a director will not be independent if he or she has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next AGM of the issuer. Rule 210(5)(d)(iv) of the Listing Manual of the Singapore Exchange Securities Trading Limited takes effect for an issuer's AGM for the financial year ending on or after 31 December 2023, pursuant to Transitional Practice Note 4, Transitional Arrangements Regarding the Tenure Limit for Independent Directors. In line with Rule 210(5)(d)(iv) of the Listing Manual of the Singapore Exchange Securities Trading Limited, Ms. Lim Bee Choo is deemed as an independent director until the conclusion of the next AGM to be held in April 2024.

Mr. Victor Yeo Chuan Seng was appointed as a director of the Company on 1 July 2015, and would reach his 9-year term as a Director of the Company on 30 June 2024. In line with Rule 210(5)(d)(iv) of the Listing Manual of the Singapore Exchange Securities Trading Limited which imposes a 9-year limit on the tenure of independent directors, but provides that such director may continue to be considered independent until the conclusion of the next AGM of the issuer, Mr. Victor Yeo Chuan Seng is considered as an independent director until the conclusion of the AGM of the Company to be held in April 2025.

The other independent directors, namely Mr. Richard Tan Chuan Lye and Ms. Carmen Wee Yik Cheng, have each served less than nine years on the Board.

If the directors are re-elected at the AGM to be held on 26 April 2024, there will be a total of three independent directors after the conclusion of the AGM, and the independent directors will no longer form more than half of the Board.

Board diversity

Isetan has a board diversity policy that reflects that Isetan values and embraces diversity. The policy addresses gender, skills and experience amongst other relevant aspects of diversity. We believe that by doing so, Isetan can leverage on the diversity of thoughts, perspectives, skillsets, and experience that comes from people with diverse industry experience, age, ethnicity, race, and gender.

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

Diversity Targets and progress in FY2023

Ensuring gender diversity on the Board

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 at least 20% of its board comprise either male or female members, whichever is in the minority. The NC will also ensure that candidates are not discriminated against on grounds such as race, religion, marital status, and physical attribute which does not speak to such person's ability to perform as a Board member. As at the end of FY 2023, the Company's Board has one third female representation and two thirds male representation.

Ensuring Board Diversity to achieve the strategic and business objectives of the Company

The Company strives to have Board members with different skills sets, experience, industry and professional qualifications to meet the Company's needs. The Board presently comprises individuals who, as a group, provide an appropriate balance and diversity of skills, experience, gender and functional expertise so as to oversee the business affairs of the Company and to provide its management with the requisite direction and guidance. The current Board is made up of six directors. Our Chairman, Mr. Toshifumi Hashizume, 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. Shioji Hiramatsu, has extensive experience in retailing and has held senior positions both in the Holding Company and its 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 and income-producing real estate investment as well as risk management, finance and governance and general management.

The NC is of the view that, having regard to the above, the current combination of skills, talents, experience and diversity of the Company's board presently serves the needs and plans of the Company adequately.

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 judgments 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 four 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 having regard to 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 services provided by the SID and other referrals. The criteria for evaluating the potential candidates include:

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

(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 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 its employees as future candidates to assume key management positions within the Company. The process includes promoting and rotating the candidates across various departments and may also include short-term training to gain exposure.

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 directors' 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 directors' 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 on-going 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) of the Company 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 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 directors' 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 and 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 42. 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 10 to 13.

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 regard to 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 the 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.

REMUNERATION MATTERS

Principle 6: Procedures for developing remuneration policies
Principle 7: Level & mix of remuneration
Principle 8: Disclosure on remuneration

The RC comprises four 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 formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors;
- 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 2023, the Company engaged an external HR consultancy to study the feasibility of implementing a Long-Term Incentive program for senior management.

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 RC also ensures that no directors are involved in setting their own remuneration.

CORPORATE GOVERNANCE REPORT

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 the 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 regard to 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 at this time.

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 financial statements under Note 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 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, taking into consideration factors such as scope of responsibilities, time spent and effort.

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. The Non-independent non-executive director who is the Chairman of the Board will not be paid directors' fees for the current financial year.

Details of fees for the Company's Non-executive/independent directors in respect of FY 2023 are in the table below.

Annual fees (for 2023)	**Victor Yeo Chuan Seng** (Lead Independent Director	**Lim Bee Choo** (Independent Director)	**Richard Tan Chuan-Lye** (Independent Director)	**Carmen Wee Yik Cheng** (Independent Director)
	$	$	$	$
Chairmanship (NC/RC/ARC)	10,000	10,000	18,000	–
ARC member	9,000	9,000	–	2,250
NC member	–	5,000	5,000	1,250
RC member	5,000	–	5,000	1,250
Basic Fee	34,000	34,000	34,000	8,500
Total	**58,000**	**58,000**	**62,000**	**13,250***

* The Director was appointed on 1 October 2023 and received fees for the last quarter of 2023 only.

The breakdown of directors' remuneration (in percentage terms) for the period from 1/1/2023 to 31/12/2023 and the remuneration bands of directors and key executives for the period from 1/1/2023 to 31/12/2023 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 FY2023 is $724,340. It is further described on this page 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, 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 and whose remuneration exceeded S$100,000 during FY2023.

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. To assist the Board, the Audit and Risk Committee reviews the key Compliance, Financial, Technology, Operational and Strategic risks that the Company faces. 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 four 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 organized 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;
- 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;

- reviewing the relevant assurances from the MD (who also assumes the role of General Manager (Administration)) and Senior Management on the financial records, financial statements and the adequacy and effectiveness of the risk management and internal control systems of the Company;

- 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 judgments 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 announcement to the SGX-ST prior to the 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 attend the meetings. Wherever necessary, other members of the management team are 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 judgment 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.

<u>Financial Matters</u>

In its review of the financial statements, the ARC has discussed with management the accounting principles that were applied and its judgment 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 FY2023:

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") 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 relevant assets of each CGU, including business strategies of the retail stores, and the market trends. 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 FY2023 on pages 61 and 62 of the Annual 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 independence 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 have 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 reviews the Company’s material internal controls relevant to financial reporting in order to design audit procedures that are appropriate in 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. 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 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 2023. 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.

The system of internal controls and risk management established by the Company (as further elaborated on pages 56 and 57, 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.

Whistleblowing Policy

The Company has put in place a "whistle-blowing" policy whereby the public and 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 public and staff making such reports will be kept confidential and the public and staff fairly treated. Details of the "whistle-blowing" channel is available on the Company website at www.isetan.com.sg while the 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. The public and staff can view the contact details of the relevant person for them to report their concerns. 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 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 as 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.

The Company does not set quantitative parameters for dividend payout. The Company's dividend policy is to provide our shareholders 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.

Principle 12 Engagement with shareholders

The Company has an Investor Relations Policy in place in order to provide shareholders 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 at 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 STAKEHOLDERS 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. Stakeholder engagement is further 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 117 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.

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.

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.

DIRECTORS' STATEMENT

For The Financial Year Ended 31 December 2023

The directors present their statement to the members together with the audited financial statements of the Company for the financial year ended 31 December 2023.

In the opinion of the directors,

(a) the financial statements as set out on pages 65 to 114 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Company for the financial year 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 Toshifumi Hashizume	(Chairman)	(appointed on 1 August 2023)
Mr Shioji Hiramatsu	(Managing Director)	
Mr Richard Tan Chuan-Lye		
Ms Lim Bee Choo		
Mr Yeo Chuan Seng Victor		
Ms Carmen Wee Yik Cheng		(appointed on 1 October 2023)

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 31.12.2023	At 1.1.2023 or date of appointment, if later	**At 31.12.2023**	At 1.1.2023
The Company				
(Number of ordinary shares)				
Mr Yeo Chuan Seng Victor	**1,000**	1,000	**–**	–
Isetan Mitsukoshi Holdings Ltd				
(Number of ordinary shares)				
Mr Toshifumi Hashizume	**10,800**	10,800	**–**	–
Mr Shioji Hiramatsu	**340**	340	**–**	–

(b) The directors' interests in ordinary shares of the Company as at 21 January 2024 were the same as those as at 31 December 2023.

Share options

There were no options granted, including any to controlling shareholders of the Company 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
Ms Carmen Wee Yik Cheng

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 2023 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

SHIOJI HIRAMATSU
Director

RICHARD TAN CHUAN-LYE
Director

28 March 2024

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 2023 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 2023;
- the statement of comprehensive income for the year then ended;
- the balance sheet as at 31 December 2023;
- 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 material accounting policy information.

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.

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 2023. 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
<u>*Assessment for impairment of property, plant and equipment ("PPE") and right-of-use ("ROU") assets*</u> 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 2023, the carrying values of the Company's PPE and ROU assets under the Retail segment were $18,988,000 and $5,803,000 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 $3,095,000 and $5,928,000 (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. 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 continued losses in the Retail segment 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. FVLCTS used to determine the recoverable amount of the land and buildings included within this segment, were largely based on 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 judgmental 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(a) of the financial statements.

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(a) 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.

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.

INDEPENDENT AUDITOR'S REPORT

To the members of Isetan (Singapore) Limited

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 Wei Zhen.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 28 March 2024

INCOME STATEMENT

For The Financial Year Ended 31 December 2023

	Note	2023 $'000	2022 $'000
Revenue	4	**84,277**	87,620
Other income	5	**6,303**	4,393
Other (losses)/gains - net			
- Loss on fixed assets written off	6	**(160)**	–
- Impairment loss on financial assets	6	**(77)**	(24)
- Others	6	**44**	85
Expenses			
- Changes in inventories of finished goods		**(301)**	802
- Purchases of inventories and related costs		**(30,868)**	(31,686)
- Employee compensation	7	**(15,197)**	(16,049)
- Depreciation expense		**(11,095)**	(11,725)
- Rental and service charge expense	8(a)	**(7,829)**	(6,883)
- Interest expense	33	**(1,469)**	(1,620)
- Impairment loss on investment in an associate	18	**–**	(1,753)
- Impairment of right-of-use assets		**(5,928)**	(2,795)
- Impairment loss on property, plant and equipment		**(3,095)**	(965)
- Other expenses	8(b)	**(17,180)**	(17,785)
Total expenses		**(92,962)**	(90,459)
Share of profit/(loss) of an associate	18	**1,416**	(266)
(Loss)/Profit before income tax		**(1,159)**	1,349
Income tax expense	9	**–**	–
Net (loss)/profit after tax for the financial year		**(1,159)**	1,349
Net (loss)/profit attributable to:			
Equity holders of the Company		**(1,159)**	1,349
(Loss)/Earnings per share for net profit attributable to the equity holders of the Company (cents per share)	10		
- Basic		**(2.81) cents**	3.27 cents
- Diluted		**(2.81) cents**	3.27 cents

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

STATEMENT OF COMPREHENSIVE INCOME

For The Financial Year Ended 31 December 2023

	Note	2023 $'000	2022 $'000
Net (loss)/profit for the financial year		**(1,159)**	1,349
Other comprehensive loss:			
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences	18	**–**	(41)
Item that will not be reclassified subsequently to profit or loss:			
Financial assets, fair value loss through other comprehensive income	13	**(612)**	(206)
Actuarial loss on retirement benefit obligation	24	**–**	(112)
Other comprehensive loss, net of tax		**(612)**	(359)
Total comprehensive (loss)/income for the financial year		**(1,771)**	990
Total comprehensive (loss)/income attributable to:			
Equity holders of the Company		**(1,771)**	990

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

BALANCE SHEET

As at 31 December 2023

	Note	2023 $'000	2022 $'000
ASSETS			
Current assets			
Cash and cash equivalents	11	**69,833**	74,542
Trade and other receivables	12	**7,581**	6,343
Other investments, at amortised cost	14	**8,137**	5,240
Inventories	15	**6,141**	6,442
Rental deposits	19	**613**	634
Other current assets	16	**1,751**	1,628
		94,056	94,829
Non-current assets			
Trade and other receivables	12	**760**	2,731
Financial assets, at FVOCI	13	**3,388**	4,000
Other investments, at amortised cost	14	**18,246**	22,086
Club memberships	17	**170**	170
Investment in an associate	18	**1,416**	–
Rental deposits	19	**4,306**	3,811
Investment properties	20	**25,788**	28,260
Property, plant and equipment	21	**18,988**	23,062
Right-of-use assets	22	**5,803**	18,960
		78,865	103,080
Total assets		**172,921**	197,909
LIABILITIES			
Current liabilities			
Trade and other payables	23	**31,346**	35,369
Lease liabilities	26	**17,795**	16,686
		49,141	52,055
Non-current liabilities			
Trade and other payables	23	**3,734**	5,217
Provisions	25	**3,557**	3,417
Lease liabilities	26	**9,983**	28,943
		17,274	37,577
Total liabilities		**66,415**	89,632
NET ASSETS		**106,506**	108,277
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	**716**	1,328
Currency translation reserve		**79**	79
Other reserves		**(42)**	(42)
Accumulated losses		**(2,957)**	(1,798)
Total equity		**106,506**	108,277

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

STATEMENT OF CHANGES IN EQUITY

For The Financial Year Ended 31 December 2023

	Note	Share capital $'000	General reserve $'000	Fair value reserve $'000	Currency translation reserve $'000	Other reserves $'000	Accumulated losses $'000	Total $'000
2023								
Beginning of financial year		**91,710**	**17,000**	**1,328**	**79**	**(42)**	**(1,798)**	**108,277**
Total comprehensive loss for the year		–	–	(612)	–	–	(1,159)	(1,771)
End of financial year		**91,710**	**17,000**	**716**	**79**	**(42)**	**(2,957)**	**106,506**
2022								
Beginning of financial year		91,710	17,000	1,534	120	70	(1,909)	108,525
Total comprehensive (loss)/ income for the year		–	–	(206)	(41)	(112)	1,349	990
Dividend paid	31	–	–	–	–	–	(1,238)	(1,238)
End of financial year		91,710	17,000	1,328	79	(42)	(1,798)	108,277

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

STATEMENT OF CASH FLOWS

For The Financial Year Ended 31 December 2023

	Note	2023 $'000	2022 $'000
Cash flows from operating activities			
(Loss)/Profit before income tax		**(1,159)**	1,349
Adjustments for:			
- Depreciation expense		**11,095**	11,725
- Income from recognition of net investment in subleases		**(280)**	(304)
- Impairment loss on investment in an associate		**–**	1,753
- Impairment loss on right-of-use assets		**5,928**	2,795
- Impairment loss on property, plant and equipment		**3,095**	965
- Impairment loss on financial assets		**77**	24
- Gain on disposal of other investments, at amortised cost		**(47)**	(85)
- Loss on property, plant and equipment written off		**160**	–
- Interest income		**(3,040)**	(1,786)
- Interest expense		**1,469**	1,620
- Changes in provisions for other liabilities and charges		**140**	146
- Dividend income		**(140)**	(156)
- Income from modification of ROU leases		**(147)**	–
- Share of (profit)/loss of an associate		**(1,416)**	266
		15,735	18,312
Changes in working capital:			
- Trade and other receivables		**994**	2,346
- Inventories		**301**	(802)
- Other assets and rental deposits		**(597)**	1,189
- Trade and other payables		**(5,506)**	2,077
- Provisions		**–**	(836)
Net cash provided by operating activities		**10,927**	22,286
Cash flows from investing activities			
Payments for property, plant and equipment		**(1,676)**	(1,672)
Payments for investment property		**(7)**	(234)
Purchases of other investments, at amortised cost		**(6,595)**	(7,240)
Proceeds from disposal of property, plant and equipment		**–**	52
Proceeds from maturity/early redemption by issuers of other investments, at amortised cost		**7,500**	9,219
Interest received		**3,262**	1,396
Dividends received		**140**	156
Net cash provided by investing activities		**2,624**	1,677
Cash flows from financing activities			
Principal payment of lease liability	26	**(16,791)**	(16,713)
Interest paid	26	**(1,469)**	(1,620)
Dividend paid	31	**–**	(1,238)
Net cash used in financing activities		**(18,260)**	(19,571)
Net (decrease)/increase in cash and cash equivalents		**(4,709)**	4,392
Cash and cash equivalents at beginning of financial year		**74,542**	70,150
Cash and cash equivalents at end of financial year	11	**69,833**	74,542

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

NOTES TO THE FINANCIAL STATEMENTS

For The Financial Year Ended 31 December 2023

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. Material 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 2023

On 1 January 2023, 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.

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 (2022: 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.

2. Material accounting policies (continued)

2.2 Revenue recognition (continued)

(a) *Sale of goods and consignment income* (continued)

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.

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.

(a) *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.

(b) *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.

2. Material accounting policies (continued)

2.3 Investment in an associate (continued)

(b) Equity method of accounting (continued)

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.

(c) 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.

(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.

2. Material accounting policies (continued)

2.4 Property, plant and equipment (continued)

(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 (losses)/gains - 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.

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.

2. Material accounting policies (continued)

2.7 Impairment of non-financial assets (continued)

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.

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" in Other Comprehensive Income. Dividends from equity investments are recognised in profit or loss as "dividend income".

2. Material accounting policies (continued)

2.8 Financial assets (continued)

(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 proceed 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.

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. Material accounting policies (continued)

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.

  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.

2. Material accounting policies (continued)

2.11 Leases (continued)

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

- 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.

- 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.

2. Material accounting policies (continued)

2.11 Leases (continued)

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

- 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.

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.

2. Material accounting policies (continued)

2.14 Income taxes (continued)

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.

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.

2. Material accounting policies (continued)

2.16 Employee compensation (continued)

(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.

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. Material accounting policies (continued)

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.

(a) 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 $18,988,000 (2022: $23,062,000) (Note 21) and ROU assets of $5,803,000 (2022: $18,960,000) (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. 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 $3,095,000 and $5,928,000 (2022: $965,000 and $2,795,000) (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	1% lower	382	667
Discount rate	1% higher	11	42
Rental income	2% lower	15	17

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.

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

(b) *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 2023, included within the Company's lease liabilities of $27,778,000 (2022: $45,629,000) is an amount of $Nil (2022: $5,369,000), which relates to extension option which is reasonably certain to be exercised. As at 31 December 2023, potential future (undiscounted) cash outflows of approximately $48,363,000 (2022: $47,977,000) have not been included in lease liabilities because it is not reasonably certain that the leases will be extended.

4. Revenue

	2023	2022
	$'000	$'000
Sale of goods [Note (a)]	**41,901**	43,493
Consignment income [Note (a)]	**31,719**	33,841
	73,620	77,334
Rental income from investment properties	**10,657**	10,286
	10,657	10,286
	84,277	87,620

Included in the rental income above is contingent rent of $107,000 (2022: $103,000). The contingent rent was computed based on sales achieved by lessees.

(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.

4. **Revenue** (continued)

(a) Revenue from contracts with customers (continued)

(ii) Contract liabilities

	Note	31 December **2023** **$'000**	2022 $'000	1 January 2022 $'000
Contract liabilities				
- Loyalty programme	23	**1,071**	1,104	520
- Gift voucher sales	23	**1,245**	1,210	1,120
Total contract liabilities		**2,316**	2,314	1,640

Revenue recognised in relation to contract liabilities

	2023 **$'000**	2022 $'000
Revenue recognised in current period that was included in the contract liability balance at the beginning of the period		
- Deferred revenue – loyalty programme	**1,104**	520
- Deferred revenue – gift voucher sales	**1,210**	1,120

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

(b) Trade receivables from contracts with customers

	31 December **2023** **$'000**	2022 $'000	1 January 2022 $'000
Current assets			
Trade receivables from contracts with customers	**1,832**	971	588
Less: Loss allowance	**(30)**	(30)	(30)
	1,802	941	558

5. Other income

	2023	2022
	$'000	$'000
Rental income	**2,487**	1,841
Government grant income	**1**	66
Sundry income	**208**	240
Income from modification of ROU leases	**147**	–
Dividend income from listed equity securities, at FVOCI	**140**	156
Interest income from financial assets measured at amortised cost:		
- Fixed deposits	**1,862**	693
- Investments	**953**	825
- Others	**225**	268
Income from recognition of net investment in subleases	**280**	310
Less: Government grant expense – rent concessions	**–**	(6)
	6,303	4,393

Included in the rental income above is contingent rent of $147,000 (2022: $153,000). The contingent rent was computed based on sales achieved by lessees.

6. Other (losses)/gains - net

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

	2023	2022
	$'000	$'000
Impairment loss on financial assets [Note 35(b)]	**(77)**	(24)
Loss on property, plant and equipment written off	**(160)**	–
Gain on disposal of financial assets	**47**	85
Others	**(3)**	–

7. Employee compensation

	2023	2022
	$'000	$'000
Wages and salaries	**14,095**	14,824
Employer's contribution to defined contribution plans including Central Provident Fund	**1,639**	1,519
Retirement benefit scheme expense (Note 24)	**104**	77
	15,838	16,420
Less: Government grants	**(641)**	(371)
	15,197	16,049

For the year ended 31 December 2023, government grants mainly relate to the Progressive Wage Credit Scheme ("PWCS") and the Senior Employment Credit ("SEC") (2022: PWCS, SEC and WCS).

The PWCS is a scheme introduced in Singapore Budget 2022 and enhanced in Budget 2024 to provide transitional wage support for employers who give wage increases to lower-wage employees. Under this scheme, eligible employers will be co-funded for wage increases between 2022 and 2026.

7. Employee compensation (continued)

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 60 and earning up to $4,000 a month. The scheme was extended from 2023 to 2025 as announced in the Singapore Budget 2023.

The Wage Credit Scheme ("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. The WCS has ended and the final WCS payout has been made in March 2022.

8. Rental expense and other expenses

(a) Rental expense

Lease payment recognised as rental expense includes contingent rental expense of $276,000 (2022: $320,000) 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:

	2023	2022
	$'000	$'000
Auditors' remuneration paid/payable to Auditors of the Company		
- Current year	**456**	365
- Under/(over) provision in prior financial year	**36**	(51)
Other fees paid/payable to Auditors of the Company		
- Current year	**41**	41
- Over provision in prior financial year	**(50)**	–
Advertising and promotion	**3,494**	3,871
Credit card commissions	**2,438**	2,604
Delivery	**777**	1,347
License fees and property taxes	**1,114**	1,102
Royalty	**862**	928
Supplies, repair and maintenance	**2,904**	3,052
Utilities	**2,820**	2,466

9. Income tax expense

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

	2023 $'000	2022 $'000
(Loss)/Profit before tax	**(1,159)**	1,349
Share of (profit)/loss of an associate	**(1,416)**	266
(Loss)/Profit before tax and share of (profit)/loss of an associate	**(2,575)**	1,615
Tax calculated at a tax rate of 17% (2022: 17%)	**(438)**	274
Expenses not deductible for tax purposes	**384**	665
Income not subject to tax	**(32)**	(45)
Deferred tax assets not recognised	**641**	–
Utilisation of previously unrecognised deferred tax assets	**(488)**	(838)
Income taxed at concessionary rate	**(67)**	(56)
Tax expense	**–**	–

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

The Company has unrecognised deferred tax asset of $7,697,000 (2022: $8,215,000) arising from temporary differences from capital allowance of $11,048,000 (2022: $9,213,000), unrecognised tax losses of $9,304,000 (2022: $12,177,000), and other deductible temporary differences of $24,923,000 (2022: $27,097,000) as at 31 December 2023 which 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. The tax losses and capital allowances have no expiry date.

10. (Loss)/Earnings per share

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

	2023	2022
Net (loss)/profit attributable to equity holders of the Company ($'000)	**(1,159)**	1,349
Weighted average number of ordinary shares in issue for calculation of basic earnings per share ('000)	**41,250**	41,250
Basic (loss)/earnings per share	**(2.81) cents**	3.27 cents

There are no dilutive shares, hence fully diluted (loss)/earnings per share equal to the basic loss per share of 2.81 cents (2022: earnings per share of 3.27 cents).

11. Cash and cash equivalents

	2023 $'000	2022 $'000
Cash at bank and on hand	**10,519**	19,419
Fixed deposits with financial institutions	**59,314**	55,123
	69,833	74,542

The fixed deposits with financial institutions mature on varying dates within 1 month to 3 months (2022: 1 month to 5 months) from the financial year end.

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

	2023 %	2022 %
Interest rates on fixed deposits	**4.02**	2.33

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

	2023 $'000	2022 $'000
Trade receivables		
- Immediate holding corporation (Note 32)	**1**	–
- Non-related parties	**3,122**	1,813
	3,123	1,813
Less: Allowance for impairment of receivables - non-related parties	**(30)**	(30)
	3,093	1,783
Interest receivable	**286**	640
Accrued receivables	**1,464**	1,425
Finance lease receivables [Note 12(c)]	**2,507**	2,360
Government grant receivables	**231**	135
	7,581	6,343

(b) Non-current

	2023 $'000	2022 $'000
Other receivables		
- Finance lease receivables [Note 12(c)]	**388**	2,583
- Deposits	**372**	148
	760	2,731

12. **Trade and other receivables** (continued)

(c) As at 31 December 2023, 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**

	2023	2022
	$'000	$'000
Beginning of financial year	**4,000**	4,206
Fair value loss	**(612)**	(206)
End of financial year	**3,388**	4,000
Non-current assets		
Quoted equity securities:		
- CapitaLand Ascendas Reit	**2,729**	2,468
- Others	**140**	146
	2,869	2,614
Unquoted equity:		
- Isetan Japan Sdn. Bhd.	**519**	1,386
Total	**3,388**	4,000

14. **Other investments, at amortised cost**

	2023	2022
	$'000	$'000
Beginning of financial year	**27,326**	29,426
Additions	**6,595**	7,240
Disposals	**(7,453)**	(9,134)
Movement due to accretion of interest income using effective interest rate method	**(8)**	(182)
Impairment recognised in profit and loss during the year	**(77)**	(24)
End of financial year	**26,383**	27,326

14. Other investments, at amortised cost (continued)

	Carrying amount $'000	Fair value $'000	Weighted average effective interest rate %
As at 31 December 2023			
(i) Current			
Bonds with fixed interest rates ranging from 3.07% to 7.00% per annum and the maturity dates ranging from 5 March 2024 to 27 November 2024	10,258	8,223	4.05
Less: Loss allowances	(2,121)		
	8,137		
(ii) Non-Current			
Bonds with fixed interest rates ranging from 1.67% to 5.50% per annum and the maturity dates ranging from 28 January 2025 to 2 December 2032	18,453	18,204	3.58
Less: Loss allowances	(207)		
	18,246		
As at 31 December 2022			
(i) Current			
Bonds with fixed interest rates ranging from 3.02% to 7.00% per annum and the maturity dates ranging from 3 February 2023 to 26 May 2023	7,253	5,221	3.97
Less: Loss allowances	(2,013)		
	5,240		
(ii) Non-Current			
Bonds with fixed interest rates ranging from 2.13% to 5.00% per annum and the maturity dates ranging from 5 March 2024 to 19 November 2030	22,371	21,468	3.60
Less: Loss allowances	(285)		
	22,086		

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. 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

	2023 $'000	2022 $'000
Merchandise	**6,141**	6,442

The cost of inventories recognised as expense amounts to $31,169,000 (2022: $30,884,000).

Inventory write down of $312,000 (2022: $127,000) has been included in "Purchases of inventories and related costs" in profit or loss.

16. Other current assets

	2023 $'000	2022 $'000
Deposits	**36**	47
Prepayments	**1,715**	1,581
	1,751	1,628

17. Club memberships

	2023 $'000	2022 $'000
Cost		
Beginning and end of financial year	**546**	546
Accumulated impairment		
Beginning and end of financial year	**376**	376
Net book value		
End of financial year	**170**	170

18. Investment in an associate

	2023 $'000	2022 $'000
Beginning of financial year	**–**	2,060
Share of profit/(loss)	**1,633**	(266)
Share of prior year net cumulative unrecognised loss	**(217)**	–
Currency translation loss	**–**	(41)
Less: Impairment loss [Note 18(a)]	**–**	(1,753)
End of financial year	**1,416**	–

18. Investment in an associate (continued)

Name of company	Principal activity	Place of business/ country of incorporation	Equity holding	
			31 December	
			2023	2022
			%	%
Chengdu Isetan Company Limited*	Retailing of general merchandise	People's Republic of China	**17.24**	17.24[(b)]

* The associate is under liquidation in FY2023. In FY2022, the associate was audited by Ernst & Young Hua Ming – Chengdu Branch.

(a) On 30 June 2022, an impairment loss of $1,753,000 was recorded to impair the investment in an associate, and equity accounting of losses of the associate ceased subsequent to that date. A full impairment was made due to the cessation of the associate's business operations at its two stores on 31 December 2022. The associate is in the process of liquidation as at 31 December 2023.

(b) In the prior financial year, a majority shareholder of the associate injected additional capital of United States Dollar 6,100,000 into the associate to fund its liquidation expenses. As a result, the equity holding of the Company in the associate was diluted from 23% to 17% as at 31 December 2022. The resulting deemed gain on dilution of $1,103,000 was unrecognised in the prior financial year as the investment in associate was fully impaired [Note 18(d)].

(c) Summarised financial information of the associate

Summarised balance sheet

	2023	2022
	$'000	$'000
Current assets	**8,295**	22,424
Current liabilities	**(80)**	(23,697)
Non-current assets	**–**	13

Summarised statement of comprehensive income

	2023	2022
	$'000	$'000
Revenue	**–**	55,067
Post-tax loss from continuing operations	**–**	(19,010)
Post-tax profit from discontinued operations	**9,475**	–
Total comprehensive income/(loss)	**9,475**	(19,010)

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.

18. Investment in an associate (continued)

(d) 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:

	2023 **$'000**	2022 $'000
Net assets/(liabilities)	**8,215**	(1,260)
Company's equity interest	**17.24%**	17.24%
Company's share of net assets/(liabilities)	**1,416**	(217)
Less: Deemed gain on dilution of shareholdings unrecognised [Note 18(b)]	**–**	(1,103)
Add: Company's share of unrecognised losses	**–**	1,320
Carrying value	**1,416**	–

For the financial year ended 31 December 2022, the Company had not recognised its net share of losses of the associate amounting to $217,000 as the Company's cumulative share of losses exceeded its interest in this entity after impairment loss and the Company had no obligation in respect of those losses. The net cumulative unrecognised loss amounted to $217,000 as at 31 December 2022.

As at 31 December 2023, the associate is in the process of a voluntary member's liquidation. The final distribution is subject to the completion of the liquidation.

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.

20. Investment properties

	2023 **$'000**	2022 $'000
Cost		
Beginning of financial year	**88,167**	87,933
Additions	**7**	234
End of financial year	**88,174**	88,167
Accumulated depreciation		
Beginning of financial year	**59,907**	57,422
Depreciation charge	**2,479**	2,485
End of financial year	**62,386**	59,907
Net book value		
End of financial year	**25,788**	28,260

20. Investment properties (continued)

(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 2023 is $308,900,000 (2022: $300,411,000) 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. There were no changes in valuation techniques during the year.

	2023	2022
	$'000	$'000
Rental income from investment properties (Note 4)	**10,657**	10,286
Direct operating expenses arising from investment properties that generated rental income	**(6,321)**	(5,462)

21. Property, plant and equipment

	Freehold land and buildings	**Buildings and improvements**	**Shop renovations, furniture, fixtures and fittings**	**Office and shop equipment**	**Motor vehicles**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
2023						
Cost						
Beginning of financial year	18,362	5,746	31,199	29,054	496	84,857
Additions	–	52	1,055	569	–	1,676
Disposal/write-off	–	–	(531)	(5,096)	–	(5,627)
End of financial year	18,362	5,798	31,723	24,527	496	80,906
Accumulated depreciation and impairment						
Beginning of financial year	3,554	4,240	28,309	25,238	454	61,795
Depreciation charge	135	276	1,090	980	14	2,495
Impairment charge	–	300	1,361	1,434	–	3,095
Disposal/write-off	–	–	(531)	(4,936)	–	(5,467)
End of financial year	3,689	4,816	30,229	22,716	468	61,918
Net book value						
End of financial year	**14,673**	**982**	**1,494**	**1,811**	**28**	**18,988**

21. Property, plant and equipment (continued)

	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
2022						
Cost						
Beginning of financial year	18,362	6,685	37,181	33,479	464	96,171
Additions	–	59	860	1,903	32	2,854
Transfer within property, plant and equipment	–	–	(281)	281	–	–
Disposal/write-off	–	(998)	(6,561)	(6,609)	–	(14,168)
End of financial year	18,362	5,746	31,199	29,054	496	84,857
Accumulated depreciation and impairment						
Beginning of financial year	3,419	4,497	33,429	30,482	445	72,272
Depreciation charge	135	577	931	1,022	9	2,674
Impairment charge	–	164	510	291	–	965
Disposal/write-off	–	(998)	(6,561)	(6,557)	–	(14,116)
End of financial year	3,554	4,240	28,309	25,238	454	61,795
Net book value						
End of financial year	**14,808**	**1,506**	**2,890**	**3,816**	**42**	**23,062**

(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 2023, impairment charge of $3,095,000 and $5,928,000 were recorded to reduce the carrying values of PPE and ROU assets respectively (2022: impairment charge of $965,000 and $2,795,000) 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.

The recoverable amounts of the PPE and ROU assets in the retail stores are obtained based on the VIU method (Note 3(a)) and the discount rate used at 31 December 2023 was 8.50% (2022: 9.00%). 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.

(b) The recoverable amount of the corporate assets under the Retail segment is based on the FVLCTS method (Note 3(a)). 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).

21. Property, plant and equipment (continued)

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.

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 2023 $'000	Valuation techniques	Unobservable inputs	Range of Unobservable inputs	Relationship of unobservable inputs to fair value	Valuation determined by
Isetan Office Building	**28,500** (2022: 28,400)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2023: $1,755 psf** (2022: $1,743 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	**2023: 2.75%** (2022: 2.75%)	The lower the capitalisation rate, the higher the fair value.	
Kallang Pudding Warehouse	**16,350** (2022: 15,600)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2023: $659 psf** (2022: $632 psf)	The higher the adopted value, the higher the fair value.	Independent professional valuer
		Income Method	- Capitalisation rate	**2023: 3.25%** (2022: 3.25%)	The lower the capitalisation rate, the higher the fair value.	
Valley Park Condominium	**3,100** (2022: 3,000)	Direct Comparison Method	- Adopted value per square foot ("psf")	**2023: $2,286 psf** (2022: $2,212 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
2023			
Cost			
Beginning of financial year	101,805	766	102,571
Lease modifications	(913)	–	(913)
De-recognition of ROU assets for subleases classified as finance leases	(195)	–	(195)
End of financial year	**100,697**	**766**	**101,463**
Accumulated depreciation and impairment			
Beginning of financial year	83,131	480	83,611
Depreciation charge	5,995	126	6,121
Impairment charge	5,928	–	5,928
End of financial year	**95,054**	**606**	**95,660**
Net book value			
End of financial year	**5,643**	**160**	**5,803**
2022			
Cost			
Beginning of financial year	100,898	513	101,411
Lease modifications	8,341	253	8,594
De-recognition of ROU assets for subleases classified as finance leases	(537)	–	(537)
De-recognition of ROU assets for expired leases	(6,897)	–	(6,897)
End of financial year	**101,805**	**766**	**102,571**
Accumulated depreciation and impairment			
Beginning of financial year	80,793	354	81,147
Depreciation charge	6,440	126	6,566
Impairment charge	2,795	–	2,795
De-recognition of ROU assets for expired leases	(6,897)	–	(6,897)
End of financial year	**83,131**	**480**	**83,611**
Net book value			
End of financial year	**18,674**	**286**	**18,960**

23. Trade and other payables

	2023 $'000	2022 $'000
Current		
Trade payables – Immediate holding corporation	–	9
Trade payables – non-related parties	22,284	25,404
Rental deposits received	1,599	134
Rental in advance	41	64
Provision for unutilised leave (a)	240	299
Provision for retirement benefits (Note 24)	146	85
Other creditors	410	1,216
Deferred revenue – loyalty programme [Note 4(a)(ii)]	1,071	1,104
Deferred revenue – gift voucher sales [Note 4(a)(ii)]	1,245	1,210
Accrued royalty payable to immediate holding corporation	862	928
Accruals and other liabilities	3,448	4,916
	31,346	35,369
Non-current		
Rental deposits received	2,434	3,862
Provision for retirement benefits (Note 24)	1,300	1,355
	3,734	5,217

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

(a) Provision for unutilised leave

	2023 $'000	2022 $'000
Beginning of financial year	299	236
Utilised during the year	(23)	(77)
Charged to profit or loss	(36)	140
End of financial year	240	299

24. Provision for retirement benefits

	2023 $'000	2022 $'000
Beginning of financial year	1,440	1,297
Utilised during the year	(98)	(46)
Charged to profit or loss as employee compensation	104	77
Actuarial loss on retirement benefit obligation	–	112
End of financial year	1,446	1,440
Not later than one year	146	85
Later than one year	1,300	1,355
	1,446	1,440

24. Provision for retirement benefits (continued)

The Company engaged an independent qualified actuary to calculate the defined benefit obligation using the Projected Unit Credit Cost Method in 2022. The present value of obligation calculated by the qualified actuary approximates the carrying amount of the liabilities recorded by the Company.

In 2023, the Company has performed an internal assessment and assessed that there are no significant changes to the key assumptions used in 2022.

The key assumptions used were as follows:

	2023	2022
	%	%
Discount rate	**3.00**	3.00
Salary growth rate	**3.00 – 7.00**	3.00 – 7.00

25. Provisions

	2023	2022
	$'000	$'000
Non-current		
Provision for reinstatement costs	**3,557**	3,417

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.

Movements in these provisions were as follows:

	2023	2022
	$'000	$'000
Beginning of financial year	**3,417**	4,107
Provision utilised	**–**	(836)
Provision made	**18**	–
Amortisation of discount	**122**	146
End of financial year	**3,557**	3,417

26. Lease liabilities

	2023 **$'000**	2022 $'000
Current		
Lease liabilities	**17,795**	16,686
Non-current		
Lease liabilities	**9,983**	28,943

Reconciliation of liabilities arising from financing activities

	1 January 2023 $'000	**Principal and interest payments $'000**	**Non-cash changes: Modification of lease liabilities $'000**	**Non-cash changes: Interest expense $'000**	**31 December 2023 $'000**
Lease liabilities	45,629	(18,260)	(1,060)	1,469	27,778

	1 January 2022 $'000	**Principal and interest payments $'000**	**Non-cash changes: Modification of lease liabilities $'000**	**Non-cash changes: Interest expense $'000**	**31 December 2022 $'000**
Lease liabilities	53,748	(18,333)	8,594	1,620	45,629

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 2023	**840**	**109**	**949**
Credited to profit or loss	(348)	(60)	(408)
At 31 December 2023	**492**	**49**	**541**
At 1 January 2022	1,056	41	1,097
(Credited)/Charged to profit or loss	(216)	68	(148)
At 31 December 2022	840	109	949

27. Deferred income taxes (continued)

Deferred income tax assets

	Tax losses $'000	Provisions $'000	Others $'000	Total $'000
At 1 January 2023	**–**	**(949)**	**–**	**(949)**
Charged to profit or loss	–	408	–	408
At 31 December 2023	**–**	**(541)**	**–**	**(541)**
At 1 January 2022	(258)	(839)	–	(1,097)
Charged/(Credited) to profit or loss	258	(110)	–	148
At 31 December 2022	–	(949)	–	(949)

28. Share capital

The Company's share capital comprises fully paid-up 41,250,000 (2022: 41,250,000) ordinary shares with no par value, amounting to a total of $91,710,000 (2022: $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

	2023 $'000	2022 $'000
Beginning of financial year	**1,328**	1,534
Financial assets, at FVOCI fair value loss (Note 13)	**(612)**	(206)
End of financial year	**716**	1,328

31. Dividend

	2023 $'000	2022 $'000
Ordinary dividends		
Final dividend of $Nil (2022: final dividend of 3.0 cents) per share, in respect of the financial year ended 2022 (2022: financial year ended 2021)	**–**	1,238

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.

		2023 $'000	2022 $'000
(a)	*Carrying amounts of right-of-use assets* (Note 22)		
	Office space	**160**	286
	Retail stores	**5,643**	18,674
		5,803	18,960
(b)	*Depreciation charge* (Note 22)		
	Office space	**126**	126
	Retail stores	**5,995**	6,440
		6,121	6,566
(c)	*Impairment charge* (Note 22)		
	Impairment charge on right-of-use assets	**5,928**	2,795
(d)	*Interest expense*		
	Interest expense on lease liabilities	**1,469**	1,620
(e)	*Lease expense not capitalised in lease liabilities*		
	Lease expense – short-term leases	**813**	1,124
	Variable lease payments which do not depend on an index or rate	**276**	320
	Total	**1,089**	1,444

(f) Total income from subleasing ROU assets in 2023 was $1,280,000 (2022: $1,421,000).

(g) Total cash outflow for all the leases in 2023 was $19,349,000 (2022: $19,777,000).

(h) Addition of ROU assets during the financial year ended 31 December 2023 was $Nil (2022: $8,594,000).

(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% (2022: 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 $276,000 (2022: $320,000) [Note 33(e)] for the financial year ended 31 December 2023.

33. Leases (continued)

The Company as a lessee (continued)

Nature of the Company's leasing activities (continued)

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

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(b)] 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).

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

	2023	2022
	$'000	$'000
Less than one year	**2,564**	2,480
One to two years	**393**	2,330
Two to three years	**–**	304
Total undiscounted lease payments	**2,957**	5,114
Less: Unearned finance income	**(62)**	(171)
Net investment in finance lease	**2,895**	4,943
Current (Note 12)	**2,507**	2,360
Non-current (Note 12)	**388**	2,583
Total	**2,895**	4,943

The net investment in finance lease has decreased as the Company has received lease payments during the financial year ended 31 December 2023. This was partly offset by an increase in net investment in finance lease of $312,000 (31 December 2022: $722,000) as the Company has entered into a new sublease arrangement during the current financial year 2023.

33. Leases (continued)

The Company as a lessor (continued)

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

(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:

	2023	2022
	$'000	$'000
Rental income		
- Investment properties (Note 4)	**10,657**	10,286
- Property, plant and equipment/subleases* (Note 5)	**2,487**	1,841

* Income from subleasing the retail stores recognised during the financial year 2023 was $1,280,000 (2022: $1,421,000), of which $147,000 (2022: $153,000) (Note 5) relates to variable lease payments that do not depend on an index or rate.

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:

	2023	2022
	$'000	$'000
Less than one year	**10,402**	11,038
One to two years	**6,235**	9,465
Two to three years	**3,299**	5,437
Three to four years	**696**	3,031
Four to five years	**–**	696
Total undiscounted lease payment	**20,632**	29,667

34. Commitments

Capital commitments

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

	2023	2022
	$'000	$'000
Investment properties	**471**	489
Property, plant and equipment	**–**	982

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.

(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 2023					
Financial assets:					
Cash and cash equivalents	69,763	70	–	–	69,833
Trade and other receivables	8,340	1	–	–	8,341
Financial assets, at FVOCI	2,869	–	519	–	3,388
Other investment, at amortised cost	26,383	–	–	–	26,383
Other financial assets	4,955	–	–	–	4,955
	112,310	71	519	–	112,900
Financial liabilities:					
Trade and other payables	31,037	–	–	–	31,037
Lease liabilities	27,778	–	–	–	27,778
	58,815	–	–	–	58,815
Net financial assets	**53,495**	**71**	**519**	**–**	**54,085**
Less: Net financial assets denominated in the entity's functional currency	(53,495)	–	–	–	(53,495)
Currency exposure	**–**	**71**	**519**	**–**	**590**

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

(a) Market risk (continued)

(i) *Currency risk* (continued)

	SGD $'000	Yen $'000	MYR $'000	Others $'000	Total $'000
At 31 December 2022					
Financial assets:					
Cash and cash equivalents	74,446	96	–	–	74,542
Trade and other receivables	9,074	–	–	–	9,074
Financial assets, at FVOCI	2,614	–	1,386	–	4,000
Other investment, at amortised cost	27,326	–	–	–	27,326
Other financial assets	4,492	–	–	–	4,492
	117,952	96	1,386	–	119,434
Financial liabilities:					
Trade and other payables	36,460	–	–	9	36,469
Lease liabilities	45,629	–	–	–	45,629
	82,089	–	–	9	82,098
Net financial assets / (liabilities)	**35,863**	**96**	**1,386**	**(9)**	**37,336**
Less: Net financial assets denominated in the entity's functional currency	(35,863)	–	–	–	(35,863)
Currency exposure	**–**	**96**	**1,386**	**(9)**	**1,473**

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

(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% (2022: 5%) with all other variables, including the tax rate, being held constant, other comprehensive loss/income will:

	(Decrease)/increase	
	2023 $'000 Other comprehensive loss	2022 $'000 Other comprehensive income
- increase by	**(143)**	131
- decrease by	**143**	(131)

If the market multiples for the investment in equity securities not traded in an active market were to increase by 5% (2022: 5%) with all other variables being held constant, other comprehensive loss would have been lower by approximately $54,000 (2022: $73,000).

35. Financial risk management (continued)

(a) Market risk (continued)

(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 3.50% to 4.12% (2022: 1.65% to 4.03%) per annum and investments in bonds and notes issued by recognised financial institutions and local companies with fixed interest rates ranging from 1.67% to 7.00% (2022: 2.13% to 7.00%) 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.

35. Financial risk management (continued)

(b) Credit risk (continued)

The movements in credit loss allowance are as follows:

	Trade receivables[(a)] $'000	Other investments, at amortised cost[(b)] $'000	Total $'000
Balance at 1 January 2023	30	2,298	2,328
Loss allowance recognised in profit or loss during the year on:			
- Changes in credit risk	–	77	77
- Reversal of unutilised amount	–	(47)	(47)
Balance at 31 December 2023	**30**	**2,328**	**2,358**
Balance at 1 January 2022	30	2,390	2,420
Loss allowance recognised in profit or loss during the year on:			
- Changes in credit risk	–	24	24
- Reversal of unutilised amount	–	(116)	(116)
Balance at 31 December 2022	**30**	**2,298**	**2,328**

(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 $69,833,000 (2022: $74,542,000) 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 2023 and 2022, 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.

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 $2,895,000 (2022: $4,943,000) 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.

35. Financial risk management (continued)

(b) Credit risk (continued)

(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				
2023									
Gross carrying amount ($'000)	3,005	3,503	6,207	–	–	13,997	–	1,999	–
Loss allowance	–	(1)	(6)	–	–	(322)	–	(1,999)	–
2022									
Gross carrying amount ($'000)	3,266	3,259	7,300	–	–	13,800	–	1,999	–
Loss allowance	–	(1)	(6)	–	–	(292)	–	(1,999)	–

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
At 31 December 2023		
Trade and other payables	**28,603**	**2,434**
Lease liabilities	**18,582**	**10,150**
At 31 December 2022		
Trade and other payables	32,607	3,862
Lease liabilities	18,222	30,151

(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 2023 and 2022.

(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 2023				
Assets				
Financial assets, at FVOCI	2,869	–	519	3,388
31 December 2022				
Assets				
Financial assets, at FVOCI	2,614	–	1,386	4,000

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:

	2023	2022
	$'000	$'000
Unquoted equity securities		
Beginning of financial year	**1,386**	1,394
Total loss included in the comprehensive (loss)/income for assets held at the end of financial year	**(867)**	(8)
End of financial year	**519**	1,386

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 2023	
Financial assets, at amortised cost	**83,129**
Financial liabilities, at amortised cost	**58,815**
31 December 2022	
Financial assets, at amortised cost	88,108
Financial liabilities, at amortised cost	82,098

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

	2023 $'000	2022 $'000
Royalty payable to immediate holding corporation	**862**	928
Purchases from immediate holding corporation	**7**	23
Purchases from fellow subsidiary	**48**	–

Outstanding balances with the immediate holding corporation as at 31 December 2023 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:

	2023 $'000	2022 $'000
Directors of the Company		
Wages and salaries	**179**	240
Directors' fees	**191**	163
Other benefits	**57**	68
	427	471

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.

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, and financial assets, at FVOCI. 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
2023			
Segment revenue			
Sales to external customers	73,620	–	73,620
Rental income - Investment properties	–	10,657	10,657
Other rental income	2,487	–	2,487
Income from modification of ROU leases	147	–	147
Income from recognition of net investment in subleases	280	–	280
Government grant income	1	–	1
Segment result	(10,106)	4,336	(5,770)
Other income			3,388
Other losses			(193)
Share of profit of an associate			1,416
Net loss			(1,159)
Other segment items			
Capital expenditure	1,676	7	1,683
Depreciation	8,616	2,479	11,095
Impairment charge on right-of-use assets	5,928	–	5,928
Impairment charge on property, plant and equipment	3,095	–	3,095
Assets and liabilities			
Segment assets	44,506	27,395	71,901
Unallocated assets:			
- Investment in an associate			1,416
- Cash and cash equivalents			69,833
- Other investments, at amortised cost			26,383
- Financial assets, at FVOCI			3,388
Total assets			172,921
Segment liabilities	63,603	2,812	66,415
Total liabilities			66,415

37. Segment information (continued)

	Retail $'000	Property $'000	Total $'000
2022			
Segment revenue			
Sales to external customers	77,334	–	77,334
Rental income - Investment properties	–	10,286	10,286
Other rental income	1,841	–	1,841
Income from recognition of net investment in subleases	304	–	304
Government grant income	66	–	66
Segment result	(3,700)	4,825	1,125
Other income			2,182
Other gains			61
Share of loss of an associate			(266)
Impairment loss on investment in an associate			(1,753)
Net profit			1,349
Other segment items			
Capital expenditure	2,854	234	3,088
Addition to right-of-use assets	8,594	–	8,594
Depreciation	9,240	2,485	11,725
Impairment charge on right-of-use assets	2,795	–	2,795
Impairment charge on property, plant and equipment	965	–	965
Assets and liabilities			
Segment assets	62,157	29,884	92,041
Unallocated assets:			
- Cash and cash equivalents			74,542
- Other investments, at amortised cost			27,326
- Financial assets, at FVOCI			4,000
Total assets			197,909
Segment liabilities	86,909	2,723	89,632
Total liabilities			89,632

Geographical information

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

38. 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 2024 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 2024)
Non-current Liabilities with Covenants (effective for annual periods beginning on or after 1 January 2024)

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).

Covenants of loan arrangements will not affect classification of a liability as current or non-current at the reporting date if the entity must only comply with the covenants after the reporting date. However, if the entity must comply with a covenant either before or at the reporting date, this will affect the classification as current or non-current even if the covenant is only tested for compliance after the reporting date.

The amendments require disclosures if an entity classifies a liability as non-current and that liability is subject to covenants that the entity must comply with within 12 months of the reporting date. The disclosures include:

- the carrying amount of the liability,
- information about the covenants, and
- facts and circumstances, if any, that indicate that the entity may have difficulty complying with the covenants.

The amendments also clarify what SFRS(I) 1-1 means when it refers to the 'settlement' of a liability. Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instrument can only be ignored for the purpose of classifying the liability as current or non-current if the entity classifies the option as an equity instrument. However, conversion options that are classified as a liability must be considered when determining the current/non-current classification of a convertible note.

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

39. 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 28 March 2024.

(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

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 ("AGM") held on 28 April 2021 where the relevant resolutions were all passed. Mainboard Rule 210(5)(d)(iv) provides that a director will not be independent if he or she has been a director of the issuer for an aggregate period of more than nine years (whether before or after listing). Such director may continue to be considered independent until the conclusion of the next AGM of the issuer. Mainboard Rule 210(5)(d)(iv) takes effect for an issuer's AGM for the financial year ending on or after 31 December 2023, pursuant to Transitional Practice Note 4, *Transitional Arrangements Regarding the Tenure Limit for Independent Directors*. In line with Mainboard Rule 210(5)(d)(iv), Ms. Lim Bee Choo will be deemed as an Independent Director until the conclusion of the next AGM to be held in April 2024.

Associate Professor Victor Yeo Chuan Seng was appointed as a Director of the Company on 1 July 2015, and would reach his 9-year term as a Director of the Company on 30 June 2024. In line with Mainboard Rule 210(5)(d)(iv) which imposes a 9-year limit on the tenure of independent directors, but provides that such director may continue to be considered independent until the conclusion of the next AGM of the issuer, Associate Professor Victor Yeo Chuan Seng is considered as an Independent Director until the conclusion of the AGM of the Company to be held in April 2025.

The other Independent Directors, namely Mr. Richard Tan Chuan Lye and Ms. Carmen Wee Yik Cheng, have each served less than nine years on the board. If the Directors are re-elected at the AGM to be held on 26 April 2024, there will be a total of three Independent Directors after the conclusion of the AGM, and the Independent Directors will no longer form more than half of the Board.

The Company had on 1 April 2024 released a joint announcement with Isetan Mitsukoshi Ltd. (the "Offeror") in relation to the proposed acquisition of all the ordinary shares in the issued share capital of the Company (other than those held by the Offeror) by the Offeror, effected by way of a scheme of arrangement in accordance with Section 210 of the Companies Act 1967 of Singapore and the Singapore Code on Take-overs and Mergers (the "Code"). In line with Rule 6.3 of the Code which provides that directors of the offeree company should not resign from the board until the offeror has clearly indicated that the offer will not be revised and the later of the date of posting of the offeree board circular or the date the offer becomes or is declared unconditional in all respects, all the Directors who will be retiring under the Company's constitution will be offering themselves for re-election at the AGM to be held on 26 April 2024.

(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 2023 to 31 December 2023:

	Directors	Fees/ Salary %	Bonus %	Share options %	Other benefits* %	Total %
		Remuneration band below S$250,000				
1	Toshifumi Hashizume (Chairman)	–	–	–	–	–
2	Shioji Hiramatsu (Managing Director)	76.01	–	–	23.99	100.00
3	Victor Yeo Chuan Seng	100.00	–	–	–	100.00
4	Lim Bee Choo	100.00	–	–	–	100.00
5	Richard Tan Chuan-Lye	100.00	–	–	–	100.00
6	Carmen Wee Yik Cheng	100.00	–	–	–	100.00
7	Satoru Tanaka (resigned as Chairman on 1 August 2023)	–	–	–	–	–

* Includes housing and transportation

(ii) Key executives of the Company in remuneration band:

	2023	2022
Below $250,000	**13**	13
Total	**13**	13

The names of the key executives are set out on pages 14 and 15 under "Key Executives' Profiles".

(f) Auditor's remuneration

The information relating to the remuneration of the independent auditor of the Company during the financial year can be found on Note 8(b) on page 85.

(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 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

(m) Treasury shares

There were no treasury shares held as at 31 December 2023 and 31 December 2022.

(n) Dealing in Securities

Please refer to information disclosed in the Corporate Governance Report under Principle 1, on page 45.

(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	
	2023	2022	**2023**	2022
	$'000	$'000	**$'000**	$'000
Name of interested person				
Isetan Mitsukoshi Ltd	**862**	928	**–**	–

STATISTICS OF SHAREHOLDINGS

As at 18 March 2024

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 18 MARCH 2024

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	% OF SHAREHOLDERS	NO. OF SHARES	% OF ISSUED SHARE CAPITAL
1 to 99	38	3.87	1,033	0.00
100 to 1,000	217	22.12	158,690	0.38
1,001 to 10,000	583	59.43	1,912,399	4.64
10,001 to 1,000,000	138	14.07	9,351,448	22.67
1,000,001 AND ABOVE	5	0.51	29,826,430	72.31
TOTAL	**981**	**100.00**	**41,250,000**	**100.00**

LIST OF SUBSTANTIAL SHAREHOLDERS AS AT 18 MARCH 2024

	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.

TOP 20 SHAREHOLDERS AS AT 18 MARCH 2024

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	YAP BOH SIM	1,740,000	4.22
4	MORPH INVESTMENTS LTD	1,727,300	4.19
5	DBS NOMINEES (PRIVATE) LIMITED	1,171,630	2.84
6	MUFG BANK, LTD. SINGAPORE BRANCH	850,000	2.06
7	PHILLIP SECURITIES PTE LTD	787,705	1.91
8	CITIBANK NOMINEES SINGAPORE PTE LTD	661,650	1.60
9	LEE YUEN SHIH	451,250	1.09
10	CHUA KUAN LIM CHARLES	341,100	0.83
11	WEE AIK KOON PTE LTD	316,250	0.77
12	MAYBANK SECURITIES PTE. LTD.	297,100	0.72
13	RAFFLES NOMINEES (PTE.) LIMITED	280,950	0.68
14	UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED	280,670	0.68
15	LEONG JULIA (MRS HOW JULIA)	210,000	0.51
16	OCBC SECURITIES PRIVATE LIMITED	209,510	0.51
17	WEE SHUK THENG	170,000	0.41
18	PANG CHEOW JOW	161,200	0.39
19	THIA CHENG SONG	157,000	0.38
20	CHIN PHAK LIN	130,439	0.32
	TOTAL	**35,131,254**	**85.17**

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 53rd Annual General Meeting ("**AGM**") of the Company will be held at the Furama RiverFront, Singapore, Venus 2, Level 3, 405 Havelock Road, Singapore 169633 on **Friday, 26 April 2024 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 2023 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 Chairman of the Nominating Committee, and a member of the Audit and Risk, and Remuneration Committees. He will also serve as Lead Independent Director. Mr. Victor Yeo Chuan Seng is currently considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual of the Singapore Exchange Securities Trading Limited (the "**Listing Manual**"). Mr. Victor Yeo Chuan Seng was appointed as a Director of the Company on 1 July 2015, and would reach his 9-year term as a Director of the Company on 30 June 2024. In line with Rule 210(5)(d)(iv) of the Listing Manual which imposes a 9-year limit on the tenure of Independent Directors, but states that such director may continue to be considered independent until the conclusion of the next AGM of the issuer, Mr. Victor Yeo Chuan Seng is considered as an Independent Director until the conclusion of the next AGM of the Company to be held in April 2025.)

3. To re-elect Ms. Lim Bee Choo as a Director of the Company, who will be retiring under Regulation 96 of the Company's Constitution, and who, being eligible, has offered herself for re-election. **Resolution 3**

   (Note: The Company had on 1 April 2024 released a joint announcement with Isetan Mitsukoshi Ltd. (the "Offeror") in relation to the proposed acquisition of all the ordinary shares in the issued share capital of the Company (other than those held by the Offeror) by the Offeror, effected by way of a scheme of arrangement in accordance with Section 210 of the Companies Act 1967 of Singapore and the Singapore Code on Take-overs and Mergers (the "Code"). In line with Rule 6.3 of the Code which states that directors of the offeree company should not resign from the board until the offeror has clearly indicated that the offer will not be revised and the later of the date of posting of the offeree board circular or the date the offer becomes or is declared unconditional in all respects, Ms. Lim Bee Choo will be offering herself for re-election. Ms. Lim Bee Choo will, upon her re-election as a Director of the Company, be a Non-Independent Non-Executive Director. In line with Rule 210(5)(d)(iv) of the Listing Manual which imposes a 9-year limit on the tenure of Independent Directors, Ms. Lim Bee Choo will no longer be considered as an Independent Director.)

4. To re-elect Mr. Toshifumi Hashizume 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 4**

   (Note: Mr. Toshifumi Hashizume 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 re-elect Mr. Carmen Wee Yik Cheng as a Director who will be retiring under Regulation 103 of the Company's Constitution, and who, being eligible, has offered herself for re-election. **Resolution 5**

   (Note: Ms. Carmen Wee Yik Cheng will, upon her re-election as a Director of the Company, remain as the Chairman of the Remuneration Committee, and a member of the Nominating and Audit and Risk Committees. Ms. Carmen Wee Yik Cheng is considered as an Independent Director for the purpose of Rule 704(8) of the Listing Manual.)

6. To approve the payment of Directors' fees of up to S$227,000/- for the financial year ending 31 December 2024 (payable quarterly in arrears) (for the financial year ended 31 December 2023: S$191,250). **Resolution 6**

   (Note: Unless further authorised by shareholders at a general meeting, the Lead Independent Director, Chair of the Audit and Risk Committee and Chair of the Remuneration Committee will each receive no more than S$67,000, S$63,000 and S$59,000 respectively for the financial year ending 31 December 2024 by way of Directors' fees. Ms Lim Bee Choo who will become non-independent upon her re-election as a Director of the Company will receive no more than S$38,000 for the financial year. The table below shows the intended structure of Directors' fees for the Company's Independent Directors for the financial year ending 31 December 2024.)

Annual fees for Independent Directors for FY 2024 (full year)	
	S$
Basic Fee	35,000
Chairman of Audit and Risk Committee	18,000
Chairman of Remuneration Committee	10,000
Chairman of Nominating Committee	10,000
Audit and Risk Committee Member	9,000
Remuneration Committee Member	5,000
Nominating Committee Member	5,000
Lead Independent Director	8,000

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 7

8. To transact any other business that may be transacted at the AGM.

BY ORDER OF THE BOARD

Lun Chee Leong
Company Secretary

Singapore
4 April 2024

Notes:

(1) Attendance:

The Annual General Meeting ("**AGM**") will be convened and held solely by physical attendance which will provide shareholders the opportunity to participate fully at the meeting. The Company will not be arranging any alternative option to participate in the AGM virtually. Shareholders and Proxy(ies) who are not feeling well on the date of the AGM are advised not to attend the meeting.

Hard copies of this Notice and the accompanying proxy form will be sent by post to members. At the same time, these documents will also be published on the Company's website or the SGX website at the relevant URL as mentioned above.

(2) Voting:

Live voting will be conducted during the AGM for Shareholders and Proxy(ies), and they are advised to bring their own web-browser enabled devices for voting at the venue. Examples of web-browser enabled devices include mobile smartphones, laptops or tablets with internet capabilities.

A member of the Company who is entitled to attend and vote at the AGM ("**Member**"), and who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company. Where a Member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies, failing which such appointments shall be invalid. For the purposes of Notes 2 and 4, "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 ("Companies Act") as follows:-

(a) A banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) The Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, and if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies.

NOTICE OF ANNUAL GENERAL MEETING

(3) 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.

(4) Submission of proxy forms:

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. Alternatively, shareholders may 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 17 April 2024, 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 17 April 2024, 5.00 pm. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of any officer or attorney duly authorised.

(5) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instruments appointing a proxy or proxies.

(6) In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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.

(7) 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 4 above, addressed to the "Chairman of the Meeting". All questions sent by any of the above means, must reach the Company no later than 10.00 am on 12 April 2024. 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 20 April 2024, 10.00 am.

Members may also ask questions during the AGM itself.

(8) Personal Data Privacy

By submitting an instrument appointing a proxy or proxies, 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 proxy or proxies 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.

(9) 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
12 April 2024, 10.00 am	Deadline for shareholders to submit questions in relation to the agenda of the AGM.
17 April 2024, 5.00 pm	Deadline for CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their votes.
23 April 2024, 10.00 am	Deadline for Receipt of Proxy Forms.

INFORMATION ON DIRECTORS SEEKING RE-ELECTION PURSUANT TO RULE 720(6) OF THE LISTING MANUAL OF THE SGX-ST

Mr. Victor Yeo Chuan Seng, Ms. Lim Bee Choo, Mr. Toshifumi Hashizume, and Ms. Carmen Wee Yik Cheng are the Directors seeking re-election at the forthcoming annual general meeting of the Company to be convened on 26 April 2024 ("**AGM**") under Ordinary Resolutions 2, 3, 4 and 5 as set out in the Notice of AGM dated 4 April 2024.

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**	**Lim Bee Choo**	**Toshifumi Hashizume**	**Carmen Wee Yik Cheng**
Date of Appointment	1 July 2015	1 July 2012	1 August 2023	1 October 2023
Date of Last Re-appointment (if applicable)	28 April 2022	28 April 2023	–	–
Age	60	64	63	55
Country of principal residence	Singapore	Singapore	Japan	Singapore
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 Ms. Lim's credentials and experience and approved the appointment of Ms. Lim as a Non-Executive, Non-Independent Director of the Company. Ms. Lim will be considered "Non-Independent" with effect from the conclusion of the AGM on 26 April 2024.	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Mr. Hashizume's credentials and experience and approved the appointment of Mr. Hashizume as a Non-Executive Non Independent Director of the Company.	The Board of Directors has accepted the recommendation of the Nominating Committee of the Company which has reviewed Ms. Wee's credentials and experience and approved the appointment of Ms. Wee as a Non-Executive Independent Director of the Company.
Whether appointment is executive, and if so, the area of responsibility	No.	No	No.	No.
Job Title (e.g. Lead ID, AC Chairman, AC Member, etc)	Lead Independent Director.	Non-Independent Non-Executive Director.	Chairman.	Independent Non-Executive Director.
Professional qualifications	Please refer to Mr. Yeo's profile on page 11 of the Annual Report.	Please refer to Ms. Lim's profile on page 11 of the Annual Report.	Please refer to Mr. Hashizume's profile on page 10 of the Annual Report.	Please refer to Ms. Wee's profile on page 13 of the Annual Report.

Name of Director	Victor Yeo Chuan Seng	Lim Bee Choo	Toshifumi Hashizume	Carmen Wee Yik Cheng
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.	2010 to 2019: Head of Human Resources, Asia Pacific at PayPal. 2019 to 2021: Director General, Human Resources at Asian Infrastructure Investment Bank.	2011 to 2016: Executive Officer and General Manager of Women's and Gentlemen's Department Store, Tokyu Department Store, Inc, as an assigned from Isetan Mitsukoshi Ltd. 2016 to 2020: Managing Director of Isetan (Singapore) Ltd. 2020 to 2021: Senior Manager, General Affairs Department Isetan Mitsukoshi Holdings Ltd. 2021 to 2022: Senior Manager, Overseas Business Management Department, Isetan Mitsukoshi Holdings Ltd. 2022 to 2023 (Jul): Counselor, Overseas Business Management Department, Isetan Mitsukoshi Holdings Ltd. 2023 (Aug) till present: Advisor, Overseas Business Management Department, Isetan Mitsukoshi Holdings Ltd.	Feb 2007 to Aug 2018: Schneider Electric Software (Rebranded as AVEVA after spin-off) - Feb 2007 to Nov 2011: Vice President, Human Resources, Invensys, Asia Pacific/MENA. - Nov 2011 to Jan 2014: Global Vice President, HR, Software Business, Invensys. - Jan 2014 to Feb 2018: Global Vice President, HR, Schneider Electric Software. - Mar 2018 to Aug 2018: Global Vice President, Human Resources. Jan 2019 to Aug 2019: Surbana Jurong (Group Chief Human Resource Officer). Mar 2022 to Present: Carmen Wee & Associates (Founder and Chief Executive Officer).
Shareholding interest in the listed issuer and its subsidiaries	1,000	Nil	Nil	Nil

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	Lim Bee Choo	Toshifumi Hashizume	Carmen Wee Yik Cheng
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	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil	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	Yes	Yes
Other principal commitments including directorships				
Past (for the last 5 years)	Please refer to page 124.	Please refer to page 124.	Please refer to page 124.	Please refer to page 124.
Present	Please refer to page 11.	Please refer to page 11.	Please refer to page 10.	Please refer to page 13.
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 Ms. Lim as previously announced on 8 June 2012.	No change in the information of Mr. Hashizume as previously announced on 31 July 2023.	No change in the information of Ms. Wee as previously announced on 29 Sep 2023.
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.	Yes.	Nil.
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.	Not applicable.	Ms. Wee has attended the required training modules as prescribed by the Exchange.
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.	Not applicable. Mr. Hashizume was previously the Managing Director of Isetan (Singapore) Limited.	Please see response immediately above.

ISETAN (SINGAPORE) LIMITED

IMPORTANT:

1. Relevant intermediaries as defined in Section 181 of the Companies Act 1967 of Singapore may appoint more than two proxies to attend, speak and vote at the Annual General Meeting.
2. For CPF/SRS investors who have used their CPF monies to buy shares in Isetan (Singapore) Limited, this Form is not valid for use and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF/SRS investors should contact their respective Agent Banks/SRS Operators if they have any queries regarding their appointment as proxies.
3. By submitting an instrument appointing a proxy(ies) and/or representative(s), a member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 4 April 2024.

PROXY FORM

Annual General Meeting to be held on Friday, 26 April 2024 at 10.00 a.m. at Furama RiverFront, Singapore, Venus 2, Level 3, 405 Havelock Road, Singapore 169633.

(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:

Name	**Address**	**NRIC/Passport Number**	**Proportion of Shareholdings**	
			No. of Shares	**%**

and/or (delete as appropriate)

Name	**Address**	**NRIC/Passport Number**	**Proportion of Shareholdings**	
			No. of Shares	**%**

or failing him/her, the Chairman of the meeting as my/our proxy to vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, 26 April 2024 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 Ms. Lim Bee Choo as Director			
4	Re-election of Mr. Toshifumi Hashizume as Director			
5	Re-election of Ms. Carmen Wee Yik Cheng as Director			
6	Approval of Directors' Fees for the financial year ending 31 December 2024 of up to S$227,000/-			
7	Re-appointment of PricewaterhouseCoopers LLP as Auditors and authorise the Directors to fix their remuneration			

Signed this ________ day of ____________________ 2024

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) Attendance:

The Annual General Meeting ("**AGM**") will be convened and held solely by physical attendance which will provide shareholders the opportunity to participate fully at the meeting. The Company will not be arranging any alternative option to participate in the AGM virtually. Shareholders and Proxy(ies) who are not feeling well on the date of the AGM are advised not to attend the meeting.

Hard copies of this Notice and the accompanying proxy form will be sent by post to members. At the same time, these documents will also be published on the Company's website or the SGX website at the relevant URL as mentioned above.

(2) Voting:

Live voting will be conducted during the AGM for Shareholders and Proxy(ies), and they are advised to bring their own web-browser enabled devices for voting at the venue. Examples of web-browser enabled devices include mobile smartphones, laptops or tablets with internet capabilities.

A member of the Company who is entitled to attend and vote at the AGM ("**Member**"), and who is not a relevant intermediary, is entitled to appoint one or two proxies to attend and vote in his/her stead. Such proxy need not be a member of the Company. Where a Member appoints more than one proxy, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies, failing which such appointments shall be invalid. For the purposes of Notes 2 and 4, "relevant intermediary" has the meaning ascribed to it in Section 181 of the Companies Act 1967 ("Companies Act") as follows:-

(a) A banking corporation licensed under the Banking Act 1970 or a wholly owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity;

(b) A person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 and who holds shares in that capacity; or

(c) The Central Provident Fund Board established by the Central Provident Fund Act 1953, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, and if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

A Member who is a relevant intermediary is entitled to appoint more than two proxies to attend and vote at the Meeting in his/her stead, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such Member. Where such Member appoints more than two proxies, the number of shares in relation to which each proxy has been appointed shall be specified in the instrument appointing the proxies.

(3) 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.

(4) Submission of proxy forms:

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. Alternatively, shareholders may 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 17 April 2024, 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 17 April 2024, 5.00 pm. The instrument appointing a proxy or proxies must be under the hand of the appointer or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its seal or under the hand of any officer or attorney duly authorised.

(5) The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed, or illegible or where the true intentions of the appointer are not ascertainable from the instructions of the appointer specified in the instruments appointing a proxy or proxies.

(6) In the case of members whose Shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged 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.

(7) 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 4 above, addressed to the "Chairman of the Meeting". All questions sent by any of the above means, must reach the Company no later than 10.00 am on 12 April 2024. 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 20 April 2024, 10.00 am.

Members may also ask questions during the AGM itself.

(8) Personal Data Privacy

By submitting an instrument appointing a proxy or proxies, 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 proxy or proxies 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.

(9) 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
12 April 2024, 10.00 am	Deadline for shareholders to submit questions in relation to the agenda of the AGM.
17 April 2024, 5.00 pm	Deadline for CPF and SRS investors who wish to appoint the Chairman of the Meeting as proxy to vote on their behalf should approach their respective CPF Agent Banks or SRS Operators to submit their votes.
23 April 2024, 10.00 am	Deadline for Receipt of Proxy Forms.

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

Warehouse*
5 Kallang Pudding Road #01-03
Singapore 349309
Tel: 6746 7552
Fax: 6746 9220

*Partly classified as an investment property.

HEADQUARTERS

Isetan (Singapore) Limited

Isetan Office Building
593 Havelock Road
#04-01 Isetan Office Building
Singapore 169641
Tel: 6732 8866
Fax: 6733 7424

Warehouse*
5 Kallang Pudding Road #01-03
Singapore 349309
Tel: 6746 7552
Fax: 6746 9220

ASSOCIATE**

Chengdu Isetan Company Limited

**Undergoing voluntary liquidation

Company Registration No: 197001177H

593 Havelock Road #04-01
Isetan Office Building, Singapore 169641
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